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# West Europe Report

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7 December 1984

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## ECOLOGICAL PARTY WANTS PARLIAMENTARY DECISION ON MISSILES

Brussels LE SOIR in French 23 Oct 84 pp 1, 2

[Article by Ludo Dierickx, Agalev deputy, and by Olivier Deleuze, Ecolo deputy: "Who Makes the Decision on Missiles, the Government, the Parliament or the People?"]

[Text] Ecologists have always been concerned by the question of a nuclear holocaust. Back in July 1982, the Agalev-Ecolo group tabled a private bill banning the installation of nuclear weapons in Belgium. In November 1983 that bill was discussed in plenary session and the debate was intensified with the important parliamentary questions of 8 and 9 November 1983.

Although, in the course of this debate, the majority party used the Law of 11 April 1962 (1) to claim that the parliament had no competence in the matter and that the government alone was competent to make a decision, the Agalev-Ecolo group tabled an interpretative private bill. The ecologists based their action on Article 28 of the Constitution which gives the parliament the power to interpret its own laws. With that bill, the ecologists were urging the parliament to explain clearly the meaning of the famous Law of 11 April 1962. Did it or did it not empower the king, that is to say the government and the government alone, to decide on the deployment of medium and long-range nuclear weapons in Belgium?

On 22 November 1983, the interpretative private bill was sent to the State Council which was asked to give its opinion. That opinion was given last August. It was favorable to the ecologists. The State Council said that there was need for an interpretative bill and noted that the 1962 law was not clear. Here is what the council said in its ruling:

"The Law of 11 April 1962 can be interpreted in two different ways. It is up to the legislator to determine if, to be on the safe side from a legal viewpoint, he should not take steps to resolve convincingly the problem which has been raised over the meaning of the law of 11 April 1962."

Many people were delighted when they heard that opinion because it reopened the debate and offered a chance of success for those who argued that a

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1. "Authorizing the passage through and stay in Belgium of troops from countries bound to Belgium by the North Atlantic Treaty."

decision so vital as to allow a foreign state to deploy 48 cruise missiles in our country ought to be taken by the parliament and not by the executive branch. According to these people, that decision does not come under the competence of the government alone, especially since Belgium was not given any right at all to decide on the use of these nuclear weapons because that power remains in the hands of the United States.

The document issued by the State Council contains a detailed analysis of the declarations made at that time by Foreign Minister Paul-Henri Spaak and by Van Hemelrijck, head of the PSC-CVP [Social-Christian Party] who was the majority leader in March 1962. Their statements were intended to pacify Senator Henri Rolin and persuade him to withdraw his amendment to the Law of 11 April 1962 explicitly banning the installation of nuclear weapons on our territory without the parliament's agreement. Their efforts finally succeeded.

That same amendment was reintroduced by the Ecolo-Agalev group in the interpretative bill aimed at forcing the parliament to come out with a clear interpretation of what it meant in the Law of 11 April 1962.

In their amendment, Henri Rolin and the ecologists state that the government can conclude any kind of executive agreements with the governments concerned except to "authorize the servicing or installation of launching pads and the stockpiling on Belgian territory of nuclear ammunition for medium and long-range missiles." During the senate debate of 1 March 1962, Spaak displayed great eloquence and great skill in convincing his socialist colleague Rolin to withdraw his amendment. He was so eloquent that now the State Council comes to the conclusion that the Law of 11 April 1962 was voted upon with a regrettable artistic fuzziness.

Ecolo and Agalev are delighted with this acknowledgement on the part of the State Council. They are not the only ones. Another opposition party, the SP [Socialist Party] supports the idea of an interpretative private bill but has announced that it will present its own bill.

On the strength of the opinion given by the State Council, on 11 October last year we called for an emergency session to study the private bill which will allow the parliament to maintain or extend its powers regarding this issue of vital importance for the country. But the majority rejected the idea of an emergency session hence proving that it is strongly attached to the system of full powers even on this issue. Where in the world can we find a parliament that does not want to extend its powers? In Belgium. A member of the CVP [Social-Christian Party] was even in favor of linking the question of confidence to a vote on the interpretative bill.

For the ecologists this is a matter of life and death. Which is why back on 6 September 1983 they also came up with another private bill to organize a consultative referendum on the deployment of missiles. That bill was also sent to the State Council by the chairman of the chamber in November 1983. We have waited a year for the council's opinion. We were promised it for the autumn.

Our stand on the matter of such a referendum is clear. When the framers of the Constitution wrote Article 68 of that Constitution 150 years ago, they gave to the king (to the government) the power to declare war. But 150 years ago, the act of declaring war meant to sacrifice 2 or 3 percent of the young male population for the defense of our national territory. In 1984, when we participate in preparations for a war by allowing a foreign state to deploy nuclear weapons and have control over them we are acknowledging that we are willing to sacrifice the entire population. Under these circumstances the population must be consulted. Which is the view held by the ecologists: danger of total destruction calls for total democracy. Is it not a fact that unions, employers, doctors, insurance companies and many other groups and organizations are consulted on far less important issues?

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CSO: 3619/18

## VERHOFSTADT, MICHEL ON ROLE OF LIBERAL PARTIES

Brussels LE SOIR in French 25 Oct 84 p 5

[Statements collected by Janine Claeys, Guy Duplat, Yvon Toussaint and Jacques Van Solinge: Guy Verhofstadt--Louis Michel, Two Men Who Look at Life Through Blue-Colored Glasses...in Spite of the Hugh Black Spot of the Communes]

[Text] Louis Michel and Guy Verhofstadt. The two youngest party presidents. But it is not just age which unites them. Their discussion revealed the great unity of perspective which reigns among the liberals. After the socialist quarrels and the Christian hesitations, here is a happy couple. Or almost. On economic and social issues the two presidents have chosen to erase their differences carefully. Would the Thatcher-style radical liberalism of Verhofstadt suddenly take on the colors of the popular liberalism of Michel? Will the first one to mention extensive privatization suddenly find himself on the same wave length as the other who has to work in a Wallonia which is more unionized than socialistic? Apparently yes, but in spite of their efforts, they cannot erase completely the different shade that they give the color blue.

In the economico-social realm, it would probably be Guy Verhofstadt who would behave like a radical and Louis Michel who would try to smooth the sharp edges. On the other hand, in the communal realm, Verhofstadt shows his credentials. He will do everything, he says, to avoid the communal accident. It is obvious that linguistic problems do not stir him much, even though he cannot give an inch on problems such as the periphery of Brussels, at the risk of losing all credibility in Flanders. Louis Michel, on his side, appears more cautious, more careful to avoid any statement, any contact which might appear to show forgetfulness of the Francophone struggles. At any rate, both of them let all their arrows fly at the socialists and the socialists disguised as Christians who, according to them, frequent



the cabinet. This attractive show of unity seems however to mask different strategic considerations in the north and in the south of the country. The socialists do have a different influence in the two areas.

[Question] Do you meet very often?

Louis Michel: Our relations are very good and we talk regularly although mostly by telephone. It seems important to me that the parties from the north and the south of the country be able to continue to understand each other.

[Question] But before taking an initiative, do you inform your brother party?

Guy Verhofstadt: We sometimes even make contact about communal problems. Perhaps the fact that we do not share the same building the way the socialist or Christian parties do, paradoxically makes contacts easier? It even happens that the two liberal parties take common action, in the matter of the right to strike, for example, and soon with the intention of improving the political climate. For my part, I would like to see the close bonds which unite us maintained and even, several years from now, we could have formalized contacts in order to avoid, for example, the reflexes which are too regionalized within the national government. To reinforce the national attitude of the national government, it will be necessary to reinforce the contacts between our two parties.

L.M.: All of these contacts are interesting, but the communal problems are not yet sufficiently cooled to authorize systematic meetings.

G.V.: Very true. I was making my proposal for the future when the reform of the state has been accomplished. In all federal states, there are national parties.

L.M.: However, one does not always have to work in concert. More and more, on a series of important economic and social questions, one realizes that there is only one fundamental type of liberalism. Our two liberal parties often find themselves on the same wave length.

[Question] What opinion do you have of each other?

G.V.: You first, Louis, this interests me....

L.M.: The PVV (Party of Liberty and Progress) is different, from our point of view, from the CVP (Christian Democrat Party) of the SP (Socialist Party). One considers it part of the family, I would say. I simply regret that in the most recent European elections, the PVV played the game too nicely while avoiding consideration of the result. I am pleased that Flemish public opinion, according to the most recent polls, favors the action of the Flemish liberals.



## More Aggressive

[Question] But did you not say following 17 June that the PVV had paid for economic theories which were too utopian?

L.M.: I did not say that. I spoke of a lack of explanation of the economic theses of the PVV. This party did not adequately show the humanistic side of its theories, which is undeniable. The PRL (Liberal Reform Party), on the other hand, makes a daily effort to explain the government's actions to the people.

G.V.: For us, the important thing is not our European electoral score but what we do in the next legislative elections. But let's get to the PRL. I am pleased to see that our two parties are evolving more and more in the same direction. On social security and the new political climate in Belgium, for example. In 1979 we had some very important congresses and we decided that we must not continue to have inhibited liberalism. A more aggressive liberalism was needed.

[Question] Was the PRL too soft?

G.V.: This uninhibited liberalism in the PVV was the result of congresses. In the PRL it was events which imposed it.

[Question] But the PRL claims to be a popular party. Are you also?

G.V.: Last March the two of us united 15,000 people.

[Question] Where do you place yourself: on the right, in the center?

G.V.: These labels no longer mean anything. There are two tendencies nowadays in society: a tendency toward collectivization and a tendency which liberates the individual.

L.M.: We are the party of the common good.

[Question] Do you believe you occupy the same electoral ground?

G.V.: Yes. Even though the political game is not the same. In the south the dominant party is the PS ((Francophone) Socialist Party) and political life is evolving toward bipolarization. In Flanders the dominant party is the CVP.

L.M.: I don't think our liberalism was formerly too soft, but several years ago, we introduced a sense of political combat which goes hand in hand with doing away with inhibitions. The liberalism of emergency repairs is gone. In the past, the liberals were used for a few months when their presence was indispensable...

G.V.: It was liberalism service type 900!

L.M.: It was the spare tire for the car. And, once the liberals were used, they were cast out. That time is completely past. We wish to be respected from now on, and we do not want people walking all over us anymore. But, at the same time that this sense of combat was introduced, we achieved a sense of organization. The party is a tool which became conscious of the need to organize itself. When we want to, we can mobilize our 63,000 members.

What Aroma?

[Question] In your opinion, does this Martens-Gol government give off a sufficiently liberal aroma?

L.M.: This government has garnered some incontestable achievements: stability, resistance to pressure groups, the reestablishment of important balances, etc. In terms of aroma, I must admit that the balance-sheet is not in total conformity with the desires of the liberals; there are still many points which are not in the governmental declaration and which have not been put into effect. This is a good time to repeat that this government is not a homogeneous liberal government. There are some socialists in the government.

[Question] Who?

L.M.: Those who choose to increase contributions in order to make social security healthy again. Those who refuse to touch certain privileges of protected workers.

There are fiscal measures still to be discussed. The socialists in the government are those who leave the liberals all alone in their defense of the PME's [Small and Medium Enterprises].

G.V.: I agree with Louis Michel's assessment. We have reestablished the important balance even though I don't believe that it was done by truly liberal measures. We had to endure the consequences of a coalition government. In the years to come, not less but more liberalism will be necessary. In particular, to apply what I call the three "de's": to defatten the state by structural measures, to defiscalize and to deregulate economic and social life.

[Question] You show a very united front, but won't there be a basis for friction between you when it comes to reshuffling the government following the departure of Willy De Clercq? Gerard Deprez has spoken of the need for a broad reshuffling.

G.V.: What does Gerard Deprez want...a Martens VI? I don't agree; we must continue with Martens V. I am surprised to see only Christian Democrats talking about this reshuffling when it really only concerns the liberals.

L.M.: The reshuffling concerns only the liberal family; that is clear unless the PSC (Christian Social Party) is caught up in the fight for seats.

I am personally urging a limited reshuffling because a broad reshuffling would inevitably mean the arrival of several new people, a rediscussion of the governmental declaration. Well, I don't want Martens VI now.

With Both Feet

[Question] And yet Gerard Deprez has raised a real problem: that of Francophone representation abroad. He wants to avoid the Flemish monopoly in external relations.

L.M.: The problem has been raised, but I don't believe it is necessary to jump into it with both feet as the president of the PSC is doing.

G.V.: The problem is to replace Willy De Clercq while maintaining the balances, that's all.

[Question] But do you understand these remarks from the Francophones about Belgian representation abroad in the hands of the Flemish?

G.V.: Someone will have to prove to me that there is a problem.

[Question] Let's get back to the economico-social issues. Does the PVV feel that it has gotten enough from the government in the way of in-depth reform of social security, of the privatization of public enterprises, etc. And has it received the support of the PRL in this struggle, though it be a little in the Thatcher vein?

G.V.: I am not displeased with what has been accomplished, but the problem still lies with the Christian Democrats who are blocking these reforms. It takes time for people to agree to discuss new ideas.

L.M.: People are trying to draw diagrams with a PVV radicalism in opposition to the realism of the PRL. In the matter of social deregulation, the PRL also has some ideas. And when Guy talks about social security, he wants to redistribute, it seems to me, the social security pot in such a way that the benefits are reserved for the truly needy. The Flemish press has often caricatured his statements. We agree on such goals even though we sometimes disagree on methods. The same thing is true in the matter of privatization. If the SNCB (Belgian National Railroad) were privatized, would that be serious? I don't see where the problem would be.

G.V.: Privatization is even more social. For when Sabena had a deficit, who had to pay? The small taxpayer. Those who oppose my deregulation and denationalization proposals are not the people on the street, but rather the "nomenklatura" who are enthroned in all the organizations and the semi-publics, like Jef Houtuys.

L.M.: I would like however to inject a nuance here. I would not like to see privatization purely and simply substituted for the role of the state. For the latter retains a role in protecting freedoms, redistributing revenues and assuring the necessary solidarity.

## A Political Creature

[Question] The liberals say that they want less government, but we see the PRL very intent on naming its people to the administration.

L.M.: I'm fed up with hearing that when one nominates a liberal, he's a political creature and when one nominates a Christian, he's a statesman. An agreement is needed to depoliticize these things. But, in the meantime, we refuse to be dupes. We are not going to just sit back and wait.

[Question] It's a vicious circle if no one wants to start depoliticizing.

L.M.: Jean Gol has just taken a very important step in that direction by proposing the depoliticizing of the judiciary.

G.V.: We are going to introduce a bill to put an end to political nominations, but I think this problem is not so bad as it used to be since the state no longer has the means to nominate people.

[Question] The Flemish president of the linguistic control commission has just denounced the discrimination against Francophones in public jobs.

L.M.: I put that question to my ministers who told me that it was difficult to redress since the state was no longer hiring.

G.V.: I would have to read that report first. But I note that thanks to the liberals the government is blocking the veterinary control institute which was proposed with 750 officials.

L.M.: We would like to avoid rampant socialization.

[Question] Let's go now to the issue of the communes.

G.V.: Is that absolutely necessary?

[Question] What about Brussels, the limits, the Fourons? Is it negotiable?

G.V.: It is impossible to discuss the borders of Brussels. As for the capital statute, that is a question for the inhabitants of Brussels themselves. Within it they ought to pursue the contacts between the two communes. Only after that can more inclusive negotiations about Brussels be held.

[Question] Mr Michel, how do you feel about hearing that the limits of Brussels are not negotiable?

L.M.: Guy did not say that....

G.V.: They are not negotiable!

L.M.: In order for Brussels to have any power and play its appropriate economic and social role, it will be necessary to discuss the boundaries of Brussels. I do not doubt that we will be able to discuss them, and I have positions to present for consideration that I will not reveal today, not even for LE SOIR. But I have gotten a good idea from the statements of Mr Verhofstadt, for the Walloons also: the Brussels problem must first be dealt with by the inhabitants of Brussels. If there were a serious mistake in the communes, the inhabitants of Brussels would be its victims first. But one should not harbor any illusions about the Flemish side. After the elections, the Brussels file will be on the table. That stands to reason if the PRL is going to participate in the negotiations.

Just As Firm

[Question] Does the PVV seem less "arrogant" to you than the other Flemish parties?

L.M.: They are intelligent because they are liberals. But they are no less firm than the other Flemish parties.

G.V.: I have the same impression. I believe that the firmness of the PRL, and this is true for us too, is provoked by other parties.

[Question] Would you elaborate?

G.V.: By other parties who live off of these linguistic problems because they have nothing to say in the economic and social realm. The liberals do not live off of these quarrels.

[Question] In trying to avoid confrontation while still remaining firm, aren't you afraid that you will appear in your commune to be underhanded?

L.M.: All the fights we have carried out show the contrary. Several times we forced the mutual respect of the confronting parties, especially when it was a matter of principle. The true defense of the Walloons and the Francophones does not depend on shouting matches and on noisy declarations but rather on good daily management. The solution finally arrived at in the Cockerill-Sambre matter demonstrates that.

G.V.: I was about to give the same example.

[Question] Do you believe that a communal accident might occur?

G.V.: It won't be the liberals who create it. We will do everything to avoid it.

L.M.: We will do everything, but with dignity. We must not abandon our principles. But, in any case, we will think carefully before taking part in actions which could lead to splitting up the country and to the end of our credibility. We are not part of the group who want an explosion and a pulling back into our shells like some are advocating with very little

concern for the people of Brussels. I wonder what influence the Socialist Party of Brussels has now in Spitaels' party. As far as Dehousse is concerned, his horizon is Wallonia. Period.

[Question] No coalition is possible with the socialists?

L.M.: I don't believe it is possible. But I wouldn't be surprised if some people thought of a Christian Social-Socialist coalition.

G.V.: Nothing is impossible, but the socialists would have to change their vocabulary and agree to discuss denationalization.

L.M.: That would surprise me now that the socialist Coeme is getting a decree nationalizing the distribution of electricity passes with a majority which includes some ecological lost sheep....

[Question] But are you aware that you are putting the Christian Social Party in power for a thousand years, either with you or with the socialists?

L.M.: If the liberals win the next elections, it will be the liberal axis which will dominate the next government.

G.V.: If the liberals win, we will get from the Christian Social Party what it is refusing to give us today.

[Question] In closing, what advice do you want to give your brother party?

G.V.: Reinforce the ties which already exist between us, for the liberal family has a historic role to play.

L.M.: I hope that the Flemish liberals will continue to speak French.

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CSO: 3619/16



## BERLIN'S PRE-ELECTION PROBLEMS, POLITICS OUTLINED

## Mayor Assesses Aims, Advantages

Duesseldorf HANDELSBLATT in German 19-20 Oct 84 p 3

/Article by Annegret Schroeder and Rainer Nahrendorf datelined 17 Oct 84:  
"Diepgen: Berlin Must Not Become a Second Hesse"/

[Text] Eberhard Diepgen, Berlin's governing mayor, sees considerable dangers for Berlin's political and economic development in case the Berlin Alternative List should acquire a key role in the formation of the government following the election to the House of Delegates on 10 March. As Diepgen stated in a talk with HANDELSBLATT, the prevailing mood for the coalition of CDU and FDP in Berlin, but especially for the CDU, is very favorable now. Diepgen rejected the idea of loaning some CDU votes to the FDP. The CDU must again become so strong that it will not be possible to govern against it. That is the only way to assure stability in Berlin.

Diepgen expressed optimism concerning the Free Democrats' ability to come off well with the voters by an intensive presentation of their achievements within the grass-roots coalition and by an effective approach to the target groups. In current polls the Free Democrats are just below the 5-percent mark. According to Diepgen's estimate, the CDU will receive enough votes and seats that it is able to continue governing. No CDU votes will be loaned to the FDP. He will definitely ask the Berliners, Diepgen stated, to vote for the CDU and not to vote for the FDP.

But he noted that, in view of Berlin's election laws that provide for second votes, a second vote campaign has been started. It must be the aim of the CDU and FDP not to take votes away from one another but to gain votes from the opposition camp.

Concerning the speculations about Grand Coalition of CDU and SPD or the formation of a minority Senat in case the FDP should fail on account of the 5-percent clause, Diepgen said he will not say to anyone that a Grand Coalition is completely out of the question. However, he is of the opinion that a Grand Coalition would lead to instability in Berlin. Diepgen gave as his reason for this statement his view that the Berlin SPD, independent of the position of its top candidate, has developed a strong affinity to the Alternative List in its

political work in the Berlin districts and in the House of Delegates. Therefore, the stability of a Grand Coalition would be constantly jeopardized.

Diepgen also fears that a Grand Coalition could give the Alternatives a stronger lift. Strengthening the Alternatives--they are now at about 12 percent according to polls--would create considerable problems for the city in view of their general anti-Western, anti-Allied, and anti-FRG tendency.

Diepgen stated that he has the impression that many of those who vote for the Greens in West Germany or for the Alternatives in Berlin, do bring movement into the political landscape but want to see neither the Greens in the FRG and definitely not the Alternatives in Berlin in a position of political responsibility.

Hans Apel, the Berlin SPD top candidate, says, according to Diepgen, that he does not want to be dependent on the Alternatives. Diepgen: "I am not going to assert that this statement is subjectively not credible. My only question is whether it depends on Mr. Apel concerning this decision." He said he doubts it in view of the internal conditions in the Berlin SPD. There must not be a Hesse II in Berlin. Berlin's problems are far more difficult than those of Hesse. Furthermore, highly sensitive political areas for the West and Germany policies are being dealt with in Berlin.

If a dependence of the Berlin policy on the Alternative List should occur, the started economic upswing would abruptly end and the situation on the labor market would become precarious. Berlin's development into a center of modern technologies would be stopped. The positive basic mood which has seen to it that investments in Berlin are again regarded as an opportunity and not as a sacrifice would be reversed.

The security situation would also be endangered if the Alternatives received a key function. Diepgen calls the Alternatives anti-FRG because they repeatedly called into question the legal unity between the federation and Berlin, the assumption of FRG law in the House of Delegates. This attacks the foundations of the economic, political, and social development of Berlin.

Diepgen regretted the FRG government's decision in the foreigners policy to renounce restrictions on family reunification and the lowering of the reunification age for children. However, priority must be given to the effort to modify the freedom of movement regulation that is valid starting in 1986, which is included in the association agreement with Turkey. If a change were to be obtainable only by a reserved position in the question of spousal and children's reunification, then renunciation of further restriction on reunification must be regarded as the lesser evil. There must not be any full freedom of movement starting in 1986.

The integration efforts can be successful only if the number of foreigners were to be limited. In this connection, Diepgen regards the limitation of the spousal reunification as even more important than the limitation of the children's reunification. Reduction of the age for reunification is important because the reunified children could successfully go through the school and no



additional integration problems and great social tensions would arise because of lacking knowledge of German and lacking completion of schooling and training.

The recent image study on Berlin, which has understandably shown to him that the Berliners regard their city above all as a cultural metropolis and a city placing a high value on leisure time, but less as an industrial city, does not change anything in the successful target of the Berlin Senat to develop the economic metropolis Berlin into a site for new technologies. Berlin's advantage as a big university and scientific center is having a growing effect. Diepgen called it remarkable that Berlin succeeded in increasing the number of industrial jobs in 1984 against the structural trend toward the services society.

In addition to the continuation of the present industrial policy, the Berlin Senat will try to create more new jobs in the services area, first in the production-associated services area, but also in trade, in the social and health area. Thus a heart center is now being built in Berlin.

Diepgen does not think much of advertising for investments in the city with the slogan "Berlin is a national responsibility." Berlin as a location must be convincing on its own, Berlin investments must be attractive. This also applies to federal undertakings whose stronger commitment to the city he would welcome. He starts from the assumption that the orders from the federal enterprises to the Berlin economy, which declined in 1983, will again increase this year. The Senat urged that orders of the federation be awarded to Berlin, thus underscoring the efficiency of the Berlin economy.

Concerning the promotion of Berlin, Diepgen said he wants to leave the question open whether or not the law could be improved in one point or another. The amended law has been in force only for a year and a half. Not even the transition phase has ended. He considers every discussion on a change in the promotion of Berlin as politically incorrect. What is important is to create confidence in the present arrangements and the stability of an economic policy. Concerning the role of pioneer thinker attributed to Berlin as regards the Germany policy, this is under no circumstances a "screaming ahead role." What is especially important as regards the Germany policy is the courage to remain silent. In the interest of human alleviations what he wants is lasting co-operation with mutual dependencies. The Berlin Senat is trying to make progress on all topics of the Germany policy. Alleviations in travel and visitor transportation are always on the agenda.

#### Poll Aftereffects, Party Shifts

Munich SUEDEUTSCHE ZEITUNG in German 19 Oct 84 p 10

[Article by Volker Skierka date-lined Berlin, mid-October: "Interrupted Pats on the Back--Negative Headlines From Bonn Endanger the CDU Concept of a 'Positive Prevailing Mood'"]

[Text] "If the soul is hungry it cannot be fed by affluence," a 45-year-old man by the name of Dietrich Bahner had printed in a full-page advertisement in several Berlin dailies. With that statement he was probably referring especially

to himself. He is not lacking in affluence as the expensive advertisements indicate. Bahner is heir to a shoe store chain and operator of numerous nursing homes in the city. Especially because of his sociopolitical involvement of offering the old and sick a home, it paid for him to be a CDU member despite some trouble that may arise between them as a result. For a long time he belonged to those who occupied honorary positions and pulled strings in the party. In between times he was a Bundestag deputy and last he was CDU county chairman in the Berlin district of Wedding.

But now suddenly his party friends of many years found out that the soul of their companion with all that did not get what it needed. It hungered. What it hungered for he told the Christian Democrats right away in the advertisement: For a fifth party. As a complete surprise he resigned his party offices two weeks ago, left the party and announced the formation of the "Umweltschutz-, Steuerzahler- and Arbeitsplatz-Partei" (Environmental Protection, Taxpayer, and Jobs Party), which he ballyhoos with the enticing acronym of "USA-Partei." "We are going to be the new 'middle-class alternative and innovative party,'" he made known in the advertisements to all parties who want to face the citizens next March. A Wickert poll obviously financed by Bahner allegedly brought to light that on election day 28 percent of all West German citizens would vote for the "USA-Partei," which presumably hopes for a Mogens-Glistrupp effect (named after the Danish "tax rebel" successful in elections). After their initial amazement, his old party friends in all their comments on the announcement made use of colloquial vocabulary from the field of psychology and predicted only a "short political life" for the "fifth party."

Nevertheless, the peculiar undertaking makes them angry. Even if Bahner forgot to place a decimal point between the two numerals, this could deprive the CDU of its goal to achieve an absolute majority of the seats in the next election in Berlin. Ten years earlier, the rightist conservative "Free Germany Association" (BFD) had skimmed off 3.4 percent of the votes and had caused trouble for the Governing Mayor Klaus Schuetz. Because of such political troublemaking from the own camp, Christian Democratic cheerfulness now pervading the entire city can easily change to gloom.

It will probably be tight on 10 March--at any rate from the way things look now: A poll of voters taken by the Emnid institute that is close to the CDU and paid for by the Berlin Senat brought to light that the CDU is moving in the 47-percent neighborhood, the SPD has around 36 percent, the FDP continues to gasp at around 4 percent and the Alternative List aims at 14 percent. Especially the last election results have shown that such figures contribute hardly more than a feeling of insecurity. Nevertheless the campaign managers in Berlin, too, look at the serpent of opinion research according to the slogan: "There is probably something to the trend." Accordingly the trend predicts: Either there will be a bare majority of the seats for the CDU or a bare majority for the SPD and the Alternative List. And it will be interesting to see what the two are going to do with each other: Whether Apel will resist the enticements to become governing mayor--and even if only on the basis of a minority government tolerated by the Alternative List.

This of course could turn into a torture in Berlin. For the fact alone that according to the Berlin constitution the entire government team is not elected in

one round but every member of the Senat is chosen individually. But above all else, there are a number of questions of content and political aversions that make such an alliance not very tempting for all involved. Hans Apel, the Social Democratic top candidate, and the Alternative List make no secret of their mutual dislike. However, both sides have become noticeably quiet lately. And surprisingly Apel has gathered a team of the leftist center around him that is not half bad and could also be interpreted as a signal to the Alternative List and its voters. It is noticeable how intensively both SPD and the Alternative List are trying to put out of their minds until after the election this obvious question: "What would happen if....?" The first thing is to win. This signifies for the SPD to get to above 40 percent after the voters gave it only 38.3 percent in the last election.

Life is simplest for the CDU and the Alternative List. It appears that the voters dissatisfied with the established parties seem to join the Alternative List in droves by themselves. They might be the winners of the election even now after the election mathematicians predict the possibility of a doubling of the voter share of 7.2 percent at the previous election. This clientele apparently is hardly interested in the persons who are Alternative List candidates. The example that used to be cited in the case of the established parties that in certain party strongholds even a broomstick would be elected gradually applies here, too.

From the present view, there is no doubt that the CDU will remain the strongest party in Berlin. The shaky prospects of the coalition partner FDP, which has been in the government for two years and which reached just about 5.6 percent of the vote the last time around, has made the CDU campaign managers bet on going it alone. The leading Berlin CDU politicians have thus far barred a second vote campaign for the Free Democrats. They try to take away even the last attractive morsels from the Free Democrats. This does not appear to be particularly difficult because the parliamentary party chairman, Walter Rasch, appears to be far and wide the only one representing the liberal element in the FDP.

#### "Optimism in Place of Defeatism"

The two FDP Senators Hermann Oxfort (Justice) and Horst Vetter (City Development and Environmental Protection) appear to turn out to have been wrong choices for the FDP. They do not have a strong position in the Senat either. Especially Oxfort, who has replaced liberal legal policy by a competition with the CDU rightist extremist Heinrich Lummer, is controversial. Even under Weizsaecker, Oxfort was occasionally admonished in Senat sessions when he wanted to opt for confrontation in the social policy dispute. Oxfort is no liberal advertisement. Vetter, on the other hand, who also comes from the rightist FDP wing, has found it quite difficult to radiate competence and the power to assert his authority in his environmental department. At any rate, neither one of them is a vote-getter for the FDP.

The intra-party switch initiated by the Berlin construction industry has not paid off for the FDP. Thus only one thing remains for party and parliamentary group chairman Rasch: hope. If he tries to present a clear outline of the party, he must always hurry so that the Governing Mayor, the economic senator, or the

cultural senator do not preempt the topic for the CDU in a surprise move--as has frequently happened in the past. And now danger also threatens from rebels of the party itself: In early October, the district committee of the FDP Tiergarten adopted a motion for the coming party congress in November in which it is stated: "For reasons of its self-respect and self-preservation, the FDP will not participate in the elections to the House of Delegates on 10 March 1985." After it had been heard from Tiergarten that they did not want to nominate any candidates, and that there were rumors of three other districts which would possibly follow this example, Rasch had to get busy as a trouble-shooter. Now he gives the assurance that the smoldering fires have been put out. But the basic problem for Rasch is Eberhard Diepgen. Hanna-Renate Laurien in her far more conservative structure would have provided a greater source of friction and thus better opportunities for clearcut definition of positions for the Free Democrats.

Eberhard Diepgen, the acting Governing Mayor only since March, consistently tries to continue the liberal political course of his predecessor Richard von Weizsaecker and to hide the contradictions in his own party by his person. Under the surface it is a fact that the liberal reform wing continues to be in the minority and is strengthened solely by the support from FDP delegates. The CDU election campaign tactics consist of the so-called "positive prevailing mood" which was produced since the Christian Democrats took over the government 3-1/2 years ago. This is clearly indicated by the fact that the CDU campaign manager quite simply uses the short slogan "optimism in place of defeatism."

The Berliners thus congratulate one another according to the slogan: "How wonderful we are again!" How wonderful, that is what the Senat has had confirmed by the Allensbach Institute for Demoscopy poll financed by tax funds at DM 217,000 plus value-added tax. The high opinion of the Berliners and of the FRG citizens of their City suggested by the questionnaire was so overwhelmingly positive that it is embarrassing to some of the governing Christian Democrats. But the Berlin media, like good boys, saw to it that the ordered poll received wide dissemination among the people. Just as the CDU anyhow can count on the power of the Berlin media, whose reporting sometimes reaches the limits of journalistic self-denial. Information that could mar the new Berlin image simply is withheld.

#### Dispute About Labor Market Situation

An example is the economic development. Greatly emphasized was Diepgen's press conference at which he announced that the reduction of jobs in the city had finally come to a halt, that finally in the summer the first plus of 1,500 jobs or 2 percent was recorded. What was not acknowledged were remarks by the DGB chief Michael Pagels who dampened the joy: First of all, the reduction had to come to an end considering that over 100,000 jobs had been lost over 15 years; secondly, 23,000 additional industrial jobs have actually been lost alone in the three years since the last election; thirdly, the plus announced by Diepgen was actually a minus and only a plus because 7,000 short-term jobs were created in the public service by so-called job-creating measures, which are still being financed by the labor office. Aside from that, the increase is modest in comparison to the slight increase in the GNP by 2.6 percent (1983) and 2.7 percent (1984) with the receipt of orders thus far 9.1 percent greater in 1984 and

the 20 percent increase in investment volume. All these are indicators of the fact that the economic revival continues to be connected with a contraction of the labor market below the line and the balance sheet has been doctored.

Possibly the CDU leads itself to believe the "positive prevailing mood," while in fact it exists only in its own clientele and is being reproduced especially by the Springer press and provides an incorrect picture. There is some reason to believe that the SPD, too, feels this basic mood but that it has had surprising experiences for some time in the street campaign, experiences that are no longer isolated incidents: Three years ago, the Social Democrats had a hard time of it in the city, were abused and cursed. Now the campaign workers report that the citizens come to the information booths in unexpectedly large numbers and are again interested in the SPD. While the campaign workers were stuck with their brochures 3 1/2 years ago, now they are suddenly in demand again. Apel, who according to Emnid shows a popularity rating of around 44 percent, while Diepgen's rating is said to be over 50 percent, reports that he has apparently better acceptance among the citizens than in his own party. The latter continues to have considerable trouble falling in step and to accept and support its candidate. It is still very much involved in carrying on intraparty restoration of the past and in reversing the renewal as to contents and personnel. To give a signal, Apel has simply faced them with his 6-man election campaign team. It includes junior members who--as the education politician Knut Nevermann--would have never gotten a chance in the traditional intraparty ladder.

#### Another Five Tension-filled Months

The disappearing fear of the citizens in the streets to come in contact with the Social Democrats appears not to have remained hidden to a few campaign planners at the top of the Berlin CDU. In their opinion, the reason for that is that the effect of the negative headlines on the Bonn coalition can hardly be made up for by the achievements of the Christian-Liberal coalition.

Especially the Bonn cuts in benefits in social policy have a much stronger effect in Berlin than elsewhere. Eight percent of the total population, 15,000 citizens, in Berlin are recipients of social welfare benefits--roughly twice as many as in the FRG itself. Other groups of people also feel the consequences of the Bonn policy in their pocketbook. The anger in the Berlin Senat therefore is quite unanimous. Even Heinrich Lummer gets openly angry over the things that happen in Bonn. At any rate five exciting months are in store for the Berliners.

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## GENSCHER, FDP SEEN RECOVERING FROM SETBACKS

Hamburg DIE ZEIT in German 19 Oct 84 p 4

[Article by Rolf Zundel datelined Bonn in October: "The Coalition Oak Again Casts its Shadow--How Hans-Dietrich Genscher Found his Way Out of the Valley Faster Than Friends and Enemies Expected"]

[Text] "Hans-Dietrich Genscher has found himself again," that is the way one of his henchmen describes the latest transformation of the FDP chairman. A transformation to himself? A big word, perhaps too big for a politician. At any rate, some characteristics of the old Genscher are evident again. Wherever he appeared in recent weeks, be it at press conferences, in a foreign policy mission, or in party bodies--he visibly had fun and also some political gain. His appearances again produce the trail of joyful, sometimes a little breathless, activity as we have known it from better times.

A joke from his inexhaustible fund to put the reporters in the right mood before the press conference; confidences that captivate without revealing anything; a tough, coolly calculated intervention in the circle of the foreign ministers in Luxembourg, which helps break the impasse of the EC budget deliberations; a chipper, resounding "good morning" for the FDP presidium, after he had risen from bed shortly after 6 AM, had swum, had carefully checked the intelligence situation and had received a reporter for breakfast. The engine is running again, the desire for action is obvious.

The curious phenomenon Genscher once again starts to keep friend and foe busy, especially party and coalition friends. A former opponent of his change feels that Genscher, like Muenchhausen, has pulled himself out of the swamp by his own bootstraps. Privately some Social Democrats provide approving statements on some aspects of his foreign policy. As the only minister of the coalition he can count on occasional applause in the Bundestag from the opposition.

Some frowning appears in the CDU/CSU leadership, a warning index finger is raised in the chancellor's office: Genscher is obviously on the FDP trip, it is said, but he should not forget that the Liberals depend on votes from the CDU/CSU potential. And especially in the CSU reluctant acknowledgement for the seasoned professionalism is mixed with malevelantly grumbling anger over this "coalition oak" that casts a much too long shadow for the wellbeing of the CDU/CSU.

And as it so happens: Opinion research, for which Genscher has always had a keen ear, confirms the change most pleasantly. In the political barometer, which measures the popularity of the prominent, Genscher, together with Bangemann, made the biggest leap upward in the latest monthly poll. Where Strauss and Stoltenberg struggled upwards by two tenths (to 0.4 and 1.1, respectively), Vogel and Kohl bob up and down at 0.5 and 0.6, Genscher reborn has climbed out of the cellar of public displeasure with aplomb (the figures improved from minus 0.4 to plus 0.2). And also the figures for the party, though anything but happy are moving, it is hoped, more likely above the 5-percent limit.

With all continuing difficulties of the FDP--the party has lost its position as a third force, its program and personnel are thinned out, in half of the federal Laender it was ousted by the voters, and in North Rhine-Westphalia, 7 months before the elections to the Land parliament, the "no longer palatable" top candidate Moelleman had to make room for the largely unknown successor Rohde, who first has to be "made palatable": for Genscher there is again firm ground in sight. He thinks he can turn over the FDP to his successor Bangemann in a condition of "inner stability" at the party congress in February.

#### Bitterest Hour

Whoever recalls the desperate situation of the Free Democrats and even more that of their chairman at the last party congress in Muenster, rubs his eyes in puzzlement. Then after the amnesty debacle and after Genscher's lonely decision no longer to lead the FDP in the next Bundestag election campaign, the party appeared to be disintegrating, Genscher, reelected with a very poor result, a politician at the end of his rope. Even though in one of his best speeches he had opened himself to the party as far as the armor of his caution permitted this, the FDP, in a rigorous act of ouster, dumped all its woes on him.

It was probably the bitterest hour of his career, far worse than the passionate debates before and after the switch. Some said the party was through with him and the others he was through with the party.

Fundamentally nobody really can explain how and why this has changed so quickly. Any fit of resignation was out of the question for Genscher at that time. And now he imparts the feeling in the parliamentary group and in the party that he no longer comes away from talks with the chancellor with ready formulas--do or die--but listens carefully to the sensitive and nervous inner life of the FDP, asks for advice and looks after the party down to the district associations.

There can be arguments as to how much has actually changed. The change is probably less than the change in perception. The fact that Genscher leads the FDP is less disputed than ever--only the leadership has again become more subtle, less perceptible, needs no longer be implemented by a hard conflict. What undoubtedly is helpful in this connection is the fact that the readiness to quarrel has disappeared in the party.

Muenster was the last big tumultuous outbreak of switch fever; in the meantime an overwhelming need for harmony and optimism has taken hold of the party and Genscher (by the way also Bangemann) is highly satisfied. He demonstratively sets the example of the way the party would like to be regarded: no longer the sad-empty

worried look, no longer the pondering massiveness that suddenly changes to devastating rage; the eyes flash again, they hardly miss an advantageous position and the opportunities are used effortlessly.

Genscher is so alert that the question has again been asked: Has he renounced the position actually only to prove his irreplaceability as party leader? There are some quite credible statements by him indicating that he had it in mind earlier that another person must lead the party in a new coalition. The decision in early summer is rather a late outcome of this thought process. To whomever this is not enough of a serious reason at any rate should remember Genscher's prudence. He knows: Overturning his decision would introduce into the party once again disastrous strife, would lose him the entire newly gained sympathy. He is probably also aware that this renunciation has made him freer, has removed tensions.

Genscher, of course, does not consider himself so free and released from duty. He does want to be foreign minister and vice-chancellor, does not want to be just one of Bangemann's deputies but at least as definitely the first adviser to the party leader as he was in the past under Walter Scheel. And his activity probably is also motivated by the desire to ensure his influence for the time when he is no longer supported by the institutional foundation of the party chairmanship.

The fact that no visible conflicts arose with Bangemann, that the relations between the old and the possible new party leader are described as generally tension-free, is amazing enough, probably only owing to the circumstance that Bangemann possesses securely padded self-confidence. Even though Genscher declares his broad activity as a kind of solicitude for his successor, at the moment there is really not much room next to him. That cannot remain that way in the long run, Genscher knows that, too.

At present Genscher profits from the fact that the coalition question in Bonn has been settled for the FDP and that the strength for a solo effort disappears in the CDU/CSU. The thing that was perhaps imaginable at the time of the switch--and Franz Josef Strauss had very lively ideas--is now probably a thing of the past, however bitter that may affect some in the CDU/CSU. Genscher has adapted himself to this situation more quickly than others. He speaks of "long-term cooperation," (a phrase that party leader Genscher would not have expressed this way during social-liberal times), and quite loyal to the coalition, he even warns the CDU/CSU against coalitions with the SPD in the Laender. At the same time he has quite systematically marked the dividing lines between the CDU/CSU and the FDP.

And that is where Genscher is in his element: a remark here, a remark there, always within the framework of the coalition agreement, but in such a manner that at first imperceptibly, then clearly, independence becomes evident--almost the same as during the times of the social-liberal alliance. Not that Genscher provokes conflicts, he only appears where they occur. He did not start the debate about the Germany and East policy, but it gave him the opportunity to appear as advocate of diplomacy, judgment and common sense: First, arm in arm with Strauss in press statements against Bonn talkativeness and diletteranism,



then in the Bundestag armed with the decisive passages of the East treaties ("The Federal Republic has no territorial claims against anyone nor is it going to raise such claims in the future").

He calls the relationship of Germans and Poles, as it has developed from the Warsaw treaty, one of the "most valuable results of European postwar policy." There is nothing sensational in that, but in the context of the statements in the CDU/CSU camp this becomes virtually a political message.

As Genscher regarded himself as the chief corrector in the service of a "realistic detente policy" in the social-liberal coalition, his role as preserver of the relations with the East becomes evident now: "It took the Federal Republic of Germany over 20 years to achieve a balance in an organic development of its relationship between West and East.... What has been achieved in this process must not now be jeopardized."

And if he used to be regarded as one to warn against German-U.S. conflicts, he now makes differences in interests clear in a discreet manner: From the ASEAN states to Central America, he promotes alliance-free regional groupings and their contacts to the European Community. How much of that is inconsequential gesture, how much solid policy can be assessed only with difficulty--at any rate, the emphasis is different than that in the CDU/CSU. He has not changed, Genscher declares, only the political environment has changed. But it is probably convenient to him that his outlook has become clearly visible--as well as, by the way, the role of the foreign ministry.

#### Arguments of the CDU/CSU

Or the policy regarding foreigners. Genscher has made a successful and hard defense of the FDP position in minister and coalition talks; for the time being, no reduction of the age limit to 6 years for children who are brought into the FRG; no restriction on spousal reunification. But his speech in the Bundestag was calculated to defend the understandable motives of the minister of the interior, who unfortunately had reached faulty conclusions just as the Social Democrats had done earlier. And just like a good lawyer, he did not use all arguments but only those that made opposition by the CDU/CSU almost impossible. He said there is foreign-policy pressure to reach an agreement with Turkey and therefore it is necessary not to jeopardize again the agreement reached with Turkish Prime Minister Ozal. Thus it is understandable why the Christian Democrats grin and bear it.

The relationship with the Greens: The FDP has a great deal of trouble with them; the inclination to put them into the totalitarian brown corner is great. When one of the less well known Free Democrats once again used this method, Genscher pounced on it hard: He said this is neither objectively justified nor in keeping with the liberal style. Whoever tries to equate the Greens with the National Socialists cannot speak in the name of the FDP. Anyhow it was Genscher as thus far the only coalition politician who seriously dealt with the foreign policy ideas of the Greens, of course not without asking the Social Democrats how far they followed the neutralist trends.

As in olden times, the tactician Genscher comes to the fore. In the Buschhaus affaire, it appeared for two days as if the FDP would get the blame, the responsibility for the trouble. But at the end hardly anyone spoke of the FDP; it became a CDU/CSU problem.

In the debate on the structural planning of the Bundeswehr, too, it looked at first as if the FDP could be charged with slowing things down. Once again it only took a few days before Genscher in front of his party presidium "welcomed it that Federal Defense Minister Manfred Woerner and other leading CDU politicians, including parliamentary party group chairman Alfred Dregger, had emphasized the necessity for measures to establish greater equity in conscription in the sense of the statements of the FDP chairman and that Woerner, too, had called the extension of military service, if it had to be, as the last of the necessary means." If it is unavoidable: The FDP will "do what is necessary for security." Once again, the position is as advantageous as it is unassailable. "Ministers come and go," Genscher sums up his now 15 years of cabinet experience, "the notes from the ministries remain." Nothing can surprise him anymore in the Bonn operation.

He has also seen some people rise and fall. For example, Erich Mende, the former chairman, whom he kicked out quickly and mercilessly from the leadership position when time and circumstances were ripe; now Juergen Moellemann, his political protege, as some in the party accusingly formulate it. At any rate, Genscher did not object very strongly when Moellemann offered his services to the party chairman by means of self-adoption. He was quite useful at that time.

For some time it could of course be noted the Genscher's entourage made the distance to Moellemann evident while the chairman continued to defend him publicly. When time and circumstances were ripe, Moellemann had to step aside as top candidate of the FDP in North Rhine-Westphalia. Fresh, new, respectable, and politically without any sharp definition: That is Achim Rohde, the new man. Presumably that was only the beginning of the now unstoppable decline of Moellemann, despite Genscher's assurance that he will remain minister of state in the Foreign Office.

Genscher survived the switch. It looks as if he is standing on firm ground once again--more quickly than his party whose "inner stability" diagnosed by Genscher thus far is not reflected in election results. Of course, the final test has not yet been passed. There are a few unfinished remainders: Moellemann is one, the election in North Rhine-Westphalia is another. The Landtag election on 12 May, they say in the FDP, is still Genscher's election.

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## BRIEFS

TIANJIN-FRENCH REGION COOPERATION--Tianjin, 13 Oct (XINHUA)--Minutes of talks, covering cooperation in economy, trade, science, technology, culture, education and medicine, was signed here today between China's Tianjin City and France's Nord-pas-de-Calais region. The items agreed upon by the two sides include construction of a coal mine and a coal gasification plant in Tianjin's Jixian County with French loans and technology, joint manufacture of ships and co-operation in food processing projects. More exchanges of students and delegation are expected between Tianjin and the French region. A French delegation led by Noel Josephe, president of the regional council of Nord-pas-de-Calais, visited Tianjin between October 9 and 13. During the visit, friendship ties between Tianjin and the French region was established. The French delegation left Tianjin for Beijing today. [Text] [Beijing XINHUA in English 1639 GMT 13 Oct 84 OW]

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## LABOR PARTY PAPER REPORTS ON CENTER PARTY'S PROBLEMS

## Dilemma of Profile, Cooperation

Oslo ARBEIDERBLADET in Norwegian 12 Oct 84 p 6

[Article by Ivar Hippe]

[Text] "The party is in a situation in which it must open up a fundamental internal debate. This has been neglected in the Center Party in recent years. Instead, there has been far too much emphasis on working in the government." This was told to ARBEIDERBLADET by the former editor in chief of the Center Party's PRESSEBYRA, Odd Bye. In this way, he underscored the concern expressed yesterday at the Executive Committee meeting by the party's leader in parliament, Johan Buttedahl.

The reason for concern is the same with Buttedahl and Bye: the danger that the Center Party could become a mini-party after the next parliamentary elections.

## Decisive

Odd Bye sees the coming elections as a decisive test for whether or not the Center Party will maintain its status as a party of medium size.

"When you drop toward 5 percent, fractions of a percentage point decide whether or not your parliamentary group is reduced by half," he said. He pointed out that the party had already been reduced by half since 1973, with respect to both its percentage of the vote and its representatives in parliament.

He sees no similarities, however, between the situation of the Center Party today and that of the Liberal Party, as Valen has pointed out, except of course that the party must gain the support of new voters or regain the support of its previous voters.

"The Liberal Party underwent its split in Roros. Although there are some differing opinions within the Center Party, they are of a kind also found within other parties," he said.

## Renewed Debate

Odd Bye believes that today's situation requires a renewed debate within the party.

"I have called for a fundamental debate for several years, but so far it has not come about. I have said before and I will say again: Debate has been neglected in the party for several years. Instead, we have placed far too much emphasis on working within the government," Odd Bye said.

## Still Largely Farmers' Party

Oslo ARBEIDERBLADET in Norwegian 13 Oct 84 p 10

[Commentary by Ole Ask]

[Text] Here are the reasons for the Center Party's problems, according to two election researchers: The number of farmers and fishermen is dropping. At the same time, the Conservatives have gained the support of big farmers. Even after the party's name was changed from the Agrarian Party in 1959, the Center Party has continued to be seen as a party for those working in the primary industries.

ARBEIDERBLADET asked Prof Henry Valen of the University of Oslo and lecturer Frank Aarebrot of the University of Bergen to evaluate the status of the middle parties.

"There is a tendency in the media to exaggerate the decline of the Center Party. It lost ground in every election from 1973 to 1981 and the trend has continued since 1981. Actually, however, the party has only 1 percent less support now than in the 1981 elections," said Valen, who added that KRF (Christian People's Party) has held its ground better.

Valen pointed out that SP (Center Party) stands for an economic policy with broad support. As a result, it is difficult for the party to present its message to the voters. In a coalition government, a party must make some adjustments, especially since the SP policies probably cost more than those of the KRF, for example. The Christian People's Party is an ideological party. It is able to take its moral stands and have some impact within the coalition, according to Valen.

Professor Valen also pointed out that in 1969 the Center Party was supported by 60 percent of the farmers and fishermen. By 1981 this figure had dropped to 40 percent. Most of these voters were lost to the Conservatives. Unlike its sister parties in Norway, the Center Party has been unable to gain voter support in the cities. In addition, it is important that in 1945, 30 percent of all gainfully employed persons were involved in primary industries, while the figure has now dropped to 7 percent. This is an enormous drop in potential voters, according to Valen.

## Green Socialism

Election researcher Frank Aarebrot of Bergen pointed to a semiannual report from NOI (Norwegian Opinion Institute), which stressed that KRF has a stable core of voters, while the Center Party tries to appeal to everyone. Neither of the two researchers would place direct blame for the stagnation or decline of the middle parties on their participation in the government.

"Nor do I believe that SP has failed to attract workers with other occupations in the country and in town. When Johan J. Jakobsen took over as chairman, he advertised the party as a rural party, but it remains a party for business interests. In the late seventies, the party purged those who stood for more well-defined environmentalist policies. We saw the strongest evidence of this in Akershus, where Bjorn Unneberg was replaced by such a traditional SP politician as Erland Asdahl," Aarebrot said.

"Do you believe that participation in the government has been a problem for the party?"

"I do not believe that participation in the government will help the party in the future. But criticizing SP for participating in the government is nothing but 20-20 hindsight. The party has more fundamental problems than the temporary difficulties it is now facing, such as those that often arise in a coalition."

### Continued Decline in Polls

Oslo ARBEIDERBLADET in Norwegian 13 Oct 84 p 4

[Editorial: "An Empty Party"]

[Text] Center Party chairman Johan J. Jakobsen is among the few who are convinced that participation in the government has been a blessing for his party. The party chairman warned his Executive Committee that the Center Party could now abandon defense policies. According to Jakobsen, it is no longer necessary to document results and justify decisions of the party congress in order to participate in the government. All doubt has been removed.

Chairman Jakobsen's joyous message on the development of the Center Party over the past few months must really mean that the party leadership viewed the situation as totally hopeless when the Center Party decided to join the Willoch government. It is difficult to find any other explanation for why the SP chairman is so pleased with today's political situation: a situation in which the Center Party itself must feel that it is on the verge of extinction. The only consolation that friends of the Center Party can find in today's opinion polls must be the fact that the polls operate with a certain margin of error. Nevertheless, the actual figures indicate a steady falling trend in which the cutoff point for representation in parliament is now dangerously near. We can only interpret this to mean that participation in the government has been a fiasco for SP--despite the fact that Jakobsen claims to have found greater enthusiasm and optimism in the party since the 1985 budget was proposed. Such



statements are about as credible as those of the Liberal People's Party, which reports increased activity and involvement. Such reports may have a certain effect as internal medicine, but they are little proof of the viability of a political party.

At the risk of being accused of hypocrisy, we maintain that we would have preferred a better fate for the Center Party than the one facing it in next year's elections. The Center Party has been a positive force in representing the interests of the various districts in our political and economic choices. Undoubtedly, political history will also recognize the party's work in environmental protection and resource policy. But issue after issue that was a key part of the Center Party profile has been taken over by other political parties. This applies even to the agricultural business, the foundation of the Center Party. There is no reason to hide the fact that the Center Party played an important role in the adoption of income goals for the agricultural industry. This legislation was a breakthrough in efforts to guarantee living wages within an important and vulnerable branch of industry in this country. It is doubtful that similar legislation exists in the agricultural policy of any other country. But this legislation was enacted under a Labor Party government and it was the Labor Party that assumed the task of raising the standard of living of farmers.

The Center Party chairman should go out and talk with ordinary people today, who will decide the fate of his party. He should ask them to name several key issues in the Center Party platform that would make them vote for the party. He would hardly receive an answer.

It is symptomatic when chairman Jakobsen clings to the budget proposal as the only thing that can create enthusiasm within his own ranks. Is the budget proposal a Center Party policy?

9336

CSO: 3639/28

## LEFTIST PARTIES GAIN IN POLL

## Results in Wake of Budget

Oslo AFTENPOSTEN in Norwegian 3 Nov 84 p 3

[Article by Egil Sundar]

[Text] In the wake of the latest budget proposal, the socialist bloc--the Labor Party and SV (Socialist Left Party) plus the Liberal Party--has regained a slight lead over the nonsocialist parties. This was indicated by an opinion poll undertaken by Gallup/Norwegian Opinion Institute (NOI) for AFTENPOSTEN from 8 to 22 October.

The relative strengths of the two blocs are illustrated by the following figures: the Labor Party and SV together are supported by 46.1 percent of the voters, while the three coalition parties (Conservative Party, Christian People's Party, and Center Party) together have 43.1 percent. The corresponding figures in September were 44.8 percent and 44.2 percent, respectively. If the Liberal Party and the Progressive Party are included on opposite sides of the dividing line, then the socialist governmental alternative has the support of 49.8 percent and the four nonsocialist parties have 48.7 percent. But even though an upturn may be noted for the socialist challengers, the margin separating the two major political blocs remains extremely small. Only a minor shift would be required to change the picture.

## Labor Gains

Not surprisingly, the Labor Party has been able to capitalize on public reaction to the government's new budget proposal. While the party was supported by 39.3 percent in September, it has now reached 40 percent--the same figure as in August. It would not be surprising to learn that the Labor Party leadership had expected an even higher figure, since our largest party has not yet received the full support that might be expected just 1 year before the elections.

SV is once again above the 6-percent mark--6.1 percent in October compared to 5.5 percent the previous month, to be exact. The figures are less encouraging for the Liberal Party: 3.7 percent in October, which was 0.7 percent lower than the previous month.



## Conservatives Down

On the nonsocialist side, the Conservative Party dropped to 29.2 percent, compared to a figure of 30.3 percent in September. On the other hand, the Christian People's Party advanced for the third consecutive month and now has 8.7 percent of the voter support. The picture is less pleasant for the Center Party with 5.2 percent in October. This is the lowest figure ever for this party in a Gallup/NOI survey. Unavoidably, this will lead to a new round of self-evaluation in Jakobsen's party, although it will be difficult to find any simple explanation for the disappointing results.

## Offensive

For the coalition as a whole, the situation calls for a strong offensive strategy, primarily in the form of initiatives by the government. But if the coalition is to appeal to the nonsocialist voter reserves successfully, then each of the three governing parties individually must increase its activities. There are many unused opportunities available in this area.

With regard to the government's proposed budget, which is now up for debate in parliament, the Progressive Party has been able to score some points, but not at all to the extent that Carl I. Hagen and his men would like. This is another interesting aspect of the situation.

Question: If you were to vote in parliamentary elections tomorrow, which party would you vote for?

	Parl. election 1981, %	1984 May, %	June, %	Aug, %	Sep, %	Oct, %
Labor Party	37.1	40.3	39.3	40.0	39.3	40.0
Liberal People's P.	0.6	0.7	0.6	0.6	0.0	0.5
Progressive Party	4.5	6.6	5.6	5.8	5.1	5.6
Conservative Party	31.8	28.5	30.0	29.1	30.3	29.2
Christian People's Party	9.3	7.8	7.8	7.4	8.4	8.7
Norwegian Communist Party	0.3	0.1	0.1	0.3	0.6	0.1
Red Election Alliance	0.7	0.6	0.5	0.6	0.6	0.5
Center Party	6.6	5.7	5.8	5.8	5.5	5.2
Socialist Left Party	5.0	5.4	6.1	5.8	5.5	6.1
Liberal Party	3.9	3.7	4.2	4.6	4.4	3.7
Others	0.2	0.5	0.0	0.1	0.3	0.5
Total	100.1	99.9	100.0	100.1	100.0	100.0
Labor+Soc.Left	42.1	45.7	45.4	45.8	44.8	46.1
Cons.+Chr.P.+Center	47.7	42.0	43.6	42.3	44.2	43.1
Labor+Soc.Left+Lib.	47.0	50.1	50.2	51.3	50.4	49.8
Cons.+Chr.P.+Center +Progressive P.	42.9	49.3	49.8	48.7	49.3	48.7

The figures indicate how many would vote for the various parties in parliamentary elections tomorrow of those who are absolutely certain they would vote. They were also asked which party they voted for in 1981. The differences between support for the individual parties as indicated by the answers to this question and the actual elections results of 1981 were used as weighting factors.

These results are based on interviews with 962 eligible voters.

The interviews took place between 8 and 22 October 1984.

#### Poll Implications

Oslo AFTENPOSTEN in Norwegian 5 Nov 84 p 2

[Editorial: "Socialist Lead"]

[Text] In the relative strengths of the socialist and nonsocialist parties, the margins are so small that the overall picture could easily change from month to month. This was clearly indicated by the latest opinion polls. Although the nonsocialist bloc was about as large as the socialist bloc in September, for the first time in many months, the socialist challengers regained the lead in October, according to a Gallup/NOI poll, commissioned by AFTENPOSTEN.

This shift took place with no great changes for the individual parties. The Labor Party has now reached 40 percent, compared to 39.3 percent in September, while the Conservative Party received 30.3 percent in September and 29.2 percent the following month. This same trend was indicated by the October poll from MMI (Opinion Poll Institute)/DAGBLADET, in which the Labor Party received 42 percent. The unusually large shifts often found in MMI polls must be remembered in this connection.

What is clear is that while the government's economic plan for 1985 is being discussed in parliament, the socialist governmental alternative--represented by the Labor Party, the Socialist Left Party, and the Liberal Party--is making certain advances. It has gained an advantage that, however slight, must make the nonsocialist parties stop and think.

A sober evaluation of the situation would indicate, however, that the Labor Party figures are not extremely impressive. After Gro Harlem Brundtland and her party have announced for some time that Norway is on the verge of collapse, it must be stated that this pessimistic view has made little impression on most of the people. If it had, the party would now enjoy a much larger lead. Less than 1 year before the elections, it is clear that the Labor Party alternative has not had the impact that the party strategists at Youngstorvet had hoped. There must be something wrong with the party's credibility.

Nevertheless, it is the socialist bloc that is leading in the polls. According to all indications, if parliamentary elections were held tomorrow the socialists would be victorious and a new government would be formed by Harlem Brundtland,

with support in parliament from SV and the Liberal Party. From now on, this is the challenge that must bring the nonsocialist parties together and unite all nonsocialist people in this country.

If a socialist government takes charge once again, then all the reconstruction work done by the nonsocialist parties during this term will have been in vain. A new round of inflationary policies under the Labor Party would totally destroy our chances of securing jobs and prosperity in the long term. We are facing a trend-setting election that will be of decisive significance for the future of our country.

#### Election Candidates Selected

Oslo AFTENPOSTEN in Norwegian 3 Nov 84 p 3

[Article: "Candidates Selected and Rejected"]

[Text] The nominating process for the parliamentary elections is in full swing. The most dramatic nominating meeting this week must have been that of SV in Oslo, where party founder and veteran Finn Gustavsen lost both first and second places on the list of candidates and also was rejected in other counties. Thus, there will be no "comeback" for him. Instead, SV chose party chairman Theo Koritzinsky for first place on the Oslo list and Tora Houg, one of the SV deputy chairman, took first place in Akershus. The nominating committee chose Oil and Energy Minister Kare Kristiansen for the top spot in Oslo, while in Akershus the party chose an unknown quantity in national politics, Torunn Laupse instead of Gunnar Prestegard. This has created some concern in the Akershus party organization. In Hordaland, Mons Espelid of the Liberal Party was chosen once again for the top spot on the list.

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## BRIEFS

MINISTER ON PLO INFORMATION OFFICE--During a question-and-answer session in parliament this week, Justice Minister Mona Rokke said that no one could be prohibited from opening an information office, but their activities must not be in conflict with Norwegian law. This includes encouraging illegal acts or contempt of other people on the basis of faith, race, skin color, etc. PLO plans to open an information office in Oslo have become a delicate issue. The former chairman of the Christian People's Party, cabinet minister Kare Kristiansen, warned against "flirting" with terrorist organizations. [Text] [Oslo AFTENPOSTEN in Norwegian 3 Nov 84 p 3] 9336

CSO: 3639/20

## REVIEW OF ROCA POSITIONS IN 'STATE OF NATION DEBATE'

Madrid ABC in Spanish 25 Oct 84 p 23

[Text] Madrid--Manuel Roca delivered a moderate speech, on numerous occasions seeking points of agreement and dialogue with the government, and basing his criticisms on the government's economic policy as regards society, private initiative, and the lack of confidence.

For a little more than 45 minutes the spokesman of the Catalanian minority and reformist leader attempted to take the middle road in his tone, between the prime minister and the leader of the opposition. In his interest to smooth over criticism, his speech sometimes suffered from monotony. Summarized, the main points which he touched on in his speech were:

--Unemployment: It has increased. It has risen to more than 20 percent of the active population, and affects 3 million Spaniards. Our percentage is the highest in the OECD, and is higher than that of Portugal, Greece and Turkey. Socialist errors have added to this legacy.

--AES: He congratulated the government for signing it. But it tends to be remedial, and not to create jobs. In 1985, 100,000 jobs are going to be eliminated, and there will be another 200,000 more people unemployed.

--Private initiative: They have encouraged treasury promissory notes, creating a climate which has displaced initiative in favor of investment without risk. They are creating a climate of collectivism which favors the State.

--Fiscal policy: We need a different fiscal policy, and it is not enough to freeze the current pressure.

--Citizen security: Insecurity must be fought without using repressive methods. One of its basic causes is drugs--80 percent of crimes have their origin there--and this problem is not being attacked sufficiently.

--Financing of the autonomies: We must update the great pact which had to do with the constitutional consensus to seek a new model of autonomous financing. We must struggle against attempts to recover centralist space.

The Fund for Interterritorial Compensation is a mistake.

--Foreign Policy: It is bad. It is not the fault of the minister, but of the government and the prime minister. Moran is a consistent minister who is, unfortunately, trying to carry into practice what he already wrote.

--EEC: Total support for the government in negotiating with the EEC. We are not going to be leaders for the criticisms of the discontented--who will voice them--but we believe that there is a higher price to be paid for isolation than for joining.

--NATO: He accepted the dialogue which the government is offering, correcting its previous position. Yes to joining, and to the North Atlantic Treaty; yes to denuclearization; yes to military arrangements when it may be advisable; yes to the recovery of Gibraltar.

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CSO: 3548/32



## GONZALEZ-ROCA INTERPLAY DURING PARLIAMENTARY DEBATE

Madrid ABC in Spanish 25 Oct 84 p 25

[Text] Madrid--Felipe Gonzalez' reply to Miguel Roca's speech devoted a good deal of time to the economic question, contained hidden "messages," and was delivered in an uneventful tone, which was disturbed only by the spontaneous interruption of Popular Deputy Schwartz. The prime minister described Miguel Roca's speech as "intelligent and contradictory." Felipe Gonzalez planned his reply around four headings: the economy, citizen insecurity, the autonomies and foreign policy. On the first point, the one the prime minister discussed most extensively, Felipe Gonzalez asserted that in his speech which opened the debate there had been no touch of boasting, but only an attempt to let people know what was being done by his cabinet. He reaffirmed that the government had made a huge effort in economic policy, and that this had been very consistent, contrary to Roca's criticisms. "We have carried out a tough policy," he reasserted.

As for the topic of the public deficit, Felipe Gonzalez stated that his financing is being done correctly, and that this task involves risky political options. "We must take the risk to abolish the deficit, and we must select those items which ought to be eliminated." On this subject, Gonzalez listed "expendable" items by way of example, such as "private education, grants to the Catholic Church," etc.; which evoked protests from the Popular seats. Peces-Barba had to call deputy Schwartz to order.

## Economic Policy

Later, Gonzalez cited some indicators (rise in the stock market, foreign investment, improving health of businesses) of positive developments in the economy; and he concluded by saying that "a great effort has been made in economic policy, as you yourselves have acknowledged." On the subject of the autonomies, the prime minister admitted that the system of financing the communities was subject to revision; and he reported that the amount spent for the autonomies is double that spent in the central administration for the same services. He assured, therefore, that he was open "to studying the problem of financing." Finally, on this same topic, Gonzalez asserted that the dialogue ought to be a two-way one: central Government to autonomous government, and vice versa.

Under the heading of citizen insecurity, Felipe Gonzalez stated that its rate had decreased, and that in the case of the fight against drugs a great effort had been made, as is shown by a 31.8 percent increase in the number of arrests.

The heading of foreign policy was briefly touched on by the prime minister; and regarding NATO he said that "we have made a statesmanlike offer, the dialogue will begin shortly, and no matter what the result may be, this government will assume the responsibility."

In his counter-reply, the spokesman of the Catalanian minority complained of "being made use of: I have not been given answers, and he has taken advantage of his speech to expand yesterday's debate." After asserting that "everyone occupies the space he is able to, and the one he desires," Miguel Roca said that the statement on the subject of pensions had not been correct, and that social solidarity had been conspicuous for its absence. Regarding the priorities which should rule the struggle against the deficit, Roca advocated a joint search for a solution, and he criticized the fact that what had been promised on the subject of drugs had not been carried out. Felipe Gonzalez again took the floor to ask for apologies to reply to the appeals from the Popular seats, and spoke about various topics.

8131

CSO: 3548/32

## TENSIONS RISE OVER SPD-PSOE 'BANKROLLING' SCANDAL

Madrid EL ALCAZAR in Spanish 6 Nov 84 p 9

[Text] While LA VANGUARDIA confirms its story about German Social Democratic Deputy Struck's remark that the PSOE [Spanish Socialist Workers Party] had received several million marks from the Flick consortium through the SPD, one major figure after another is taking a position on the scandal or issuing a statement or denial in connection with it. Prime Minister Gonzalez has asserted through his spokesman that "the prime minister will respond only in Parliament." It bears noting that the PSOE is running a deficit of 2.525 billion pesetas according to the Federal Accounting Commission.

For the time being, the controversy centers around the accuracy of the statements ascribed to Deputy Struck. The Barcelona daily LA VANGUARDIA has categorically reaffirmed its story, reiterating that the German lawmaker had indeed said that the Flick group had given the PSOE some 200 million for its election campaign. The paper also reports that Peter Struck denied on Sunday that he had said this: "None of this is true, and if the LA VANGUARDIA correspondent is not engaging in political manipulation, then at best a misunderstanding is involved."

## Reaffirmation

The correspondent is sticking to his story, however, asserting that Struck was speaking in Hannover to a group of jurists to whom he outlined the scope of assistance to political parties and bribes to politicians. After indicating, the correspondent adds, "what money all of the parties had received legally from Flick, Mr Struck blurted out a justification and declared that most of the 4 million marks that the SPD had received from the Flick consortium had been donated by the party to Felipe Gonzalez to finance his party's election campaign," adding that personal scandals were inevitable as well in all parties. What is more, he specified that the money had been handed over to Felipe Gonzalez in a Wischniewski suitcase. The story was picked up by the German press and by LA VANGUARDIA.

## No More Denials

Correspondent Popescu goes on to say that whereas the report has been denied to him and to his paper, it has not been to the FRANKFURTE RUNDSCHAU, which also printed a similar version. Popescu got in touch with the author of the German daily's feature article, who told him: "That's too bad that they're disputing your story. They haven't denied or protested anything to us. And these political parties are touchy...our information is accurate." It bears noting that although the SPD's spokesman, Clement, issued a denial, he stated that it was a denial by Deputy Struck and did not represent an official SPD position. In addition, the deputy did not issue a denial either to the Hamburg radio station that broadcast Struck's statement that the money that the SPD had donated to the PSOE "had not come directly from Flick's contributions and wound up in Felipe Gonzalez's hands; rather, an amount of money comparable to what had gone out from the Flick consortium had been handed over to the Ebert Foundation (a branch of the SPD) to be forwarded to Felipe Gonzalez to finance his party's election campaign." In his remarks on Tuesday Struck had underscored the importance of the contribution with a rhetorical question: It wasn't a bad investment, was it?

"In short," the Barcelona correspondent asserts, "Mr Struck is clumsily trying to retract what he said. But he is talking about this only to the Spanish press, specifically to our paper." LA VANGUARDIA has published an editorial supporting its correspondent, not only because he is telling the truth "but also because there is a tape recording that clarifies everything." It adds that "people like to kill the bearer of bad news."

## 55.7 Million for the Parties

According to a story in the conservative paper WELT AM SONNTAG, the Flick consortium gave a total of 55.7 million marks to German political parties and their foundations from 1963 to 1977. More precisely, the SPD got 1.7 million, and other parties smaller amounts, while the foundations shared the 55.7 million. As we know, this scandal has already prompted the resignation of the economy minister and the president of the Federal Parliament. Moreover, DER SPIEGEL has reported that the Liberal Party is not saying where a 6-million mark donation came from.

The latest denial is from the Friedrich Ebert Foundation, which is close to the SPD; it claims that it accepted no money from the Flick consortium for the PSOE. Nevertheless, it admitted that it backed the Spanish Socialists "with money from various sources, one of which it did not deny was the Flick consortium."

### 'The Scandal Has Just Begun'

Meanwhile, some minor reaction has been forthcoming in Spain. As expected, the PSOE's finance secretary, Emilio Zlonso, has denied that his party received "dirty money" from Flick. This is the only comment that the party or the government had made, refusing to respond to a most serious charge. Gonzalez himself has said that he will respond only in Parliament. He has implicitly acknowledged, however, that his party had received money from the SPD before 1977 "while it was in the underground."

In contrast, Marcelino Camacho has stated that "we are absolutely certain that the General Union of Workers was set up with German money" and that "there has always been talk about the Spanish Socialists getting support from the SPD." In Pamplona, Fraga asserted that his party has not received aid from multinational corporations like Flick and that this business of Flick's financial aid to the PSOE "has just begun." He added that "the Socialists have to explain to the Spanish people whether Flick doesn't have something to do with the fact that we have been put in wonderful situations like saying no to NATO yesterday and yes today."

8743

CSO: 3548/39

## LABYRINTHINE TRAIL OF FLICK FUNDING DISCLOSURES TRACED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 10 Nov 84 p 2

[Article by Walter Haubrich: "Flick Went All the Way to Spain--A Suitcase Full of Money for the Political Parties ?"]

[Text] Barcelona, 9 November--Flick got all the way to Spain. Jorge Vestrynge, the opposition politician from Morocco with the Flemish name, came out with the following, untypically Spanish sharp statement on state-owned television: "I will ask in parliament how much money our head of government Felipe Gonzalez received from the firm of Flick and where else he and his party got their money from in addition." Next week, the Spanish parliament is likely to experience a rather stormy debate. On the surface, the issue will initially be the oft-mentioned German firm of Friedrich Flick Ltd. But in reality it has nothing to do with Flick and his funds which may have reached Spain through some devious channels. In all likelihood, some things ought to and, in fact, are bound to come to light regarding an issue about which the Spaniards know very little thus far: who funds their political parties ? Where did the funds come from while the parties were still illegal during the Franco era or while they were just becoming legal ? Did the Madrid newspaper LIBERACION really tell the truth when it wrote: "All of them were paid off in German marks; the parties of the right even more so than those of the left." The debate might also turn into a tribunal on neo-Spanish credulity.

In the first instance it was the Spanish newspapers which acted foolishly and irresponsibly with regard to the so-called Spanish Flick affair. The political parties--and at first even the government--acted just as foolishly by taking a whole week, using its big bureaucracy, to locate clippings from German newspapers that might have helped blunt the sharp attacks by the opposition. And SPD deputy Struck, a member of the parliamentary inquiry committee on the Flick case, acted rather foolishly, too. At a meeting with members of his party in Hanover, Struck not only did not deny a statement made there to the effect that Wischniewski took some money out of his big suitcase and gave it the Spanish head of government Felipe Gonzalez and to other democratic political figures in countries where democracy was just being built but he even took that statement up and may possibly have repeated it in an ironical fashion. It then took



the SPD several days before its chairman, Brandt, issued a categorical denial of the scandalous story about Wischniewski turning the suitcase over to Gonzalez in response to a query from a German correspondent in Madrid. A denial issued earlier by the SPD spokesman on behalf of deputy Struck had not turned out strong enough to be taken seriously in Spain--and besides it came from a third party.

The Struck remark had appeared in an indirect way in FRANKFURTER RUND-  
SCHAU and was picked up from there--albeit without attribution--by the Bonn correspondent of the Spanish newspaper LA VANGUARDIA. The very opening paragraph of the VANGUARDIA story contained the following direct quote by Struck: "Flick's money helped the Spanish Socialist Workers Party (PSOE) win the election, Socialist politician Peter Struck, the head of the socialist delegation to the parliamentary committee investigating the Flick corruption affair, said in Hanover." But that is not the worst of it. A VANGUARDIA editor stated on Spanish television that his newspaper has a tape recording of the alleged incriminating remark by Struck and then hinted--although no viewer could understand it--that this was a different statement by Struck which came from a radio interview the deputy had given.

Newspapers which have less of a reputation for reliability than LA VANGUARDIA then carried the wildest stories for days. DIARIO 16 hinted that the purchase of a Spanish chain of supermarkets which was part of the expropriated Rumasa concern by a West German firm might have been made with funds from Flick. The same newspaper also alleged that the Spanish ambassador to Bonn, Foncillas, had held the post of financial and economic representative of the Spanish Socialist Workers Party (PSOE) in the FRG while representing a large Spanish bank in Frankfurt and that he was given the ambassadorship by the Gonzalez government in recognition of his good services. Foncillas never was a member of the PSOE, nor does he belong to that party today. Under the circumstances, he could also never act as that party's "financial representative." The conservative newspaper ABC also wrote about the Bonn ambassador's connection to stories dealing with money transports. Spain's Minister President Gonzalez asked the attorney general to investigate the whole tangle of accusations, party propaganda, false press quotes and allegations and to leave no stone unturned in doing so.

Quite a few Spaniards are hoping that the attorney general will take this opportunity to look into the rather odd research methods of a number of Spanish newspapers. EL PAIS, Spain's largest daily, which had hardly bothered with the affair initially, later carried stories by its Bonn correspondent which brought a semblance of order into the tangle of rumors and speculations. The newspaper then published the Flick committee report on the funds Flick had paid out to the Friedrich Ebert Foundation. 2 days later, the same newspaper carried excerpts from an article which appeared in the news magazine DER SPIEGEL several years ago reporting that

CSU chairman Strauss turned over funds to the present leader of the opposition, Fraga, and to some other Spanish politicians which have since dropped out of the limelight. The story also included copies of receipts and mentioned the names of people once again who helped engineer the fund transfer at the time. A Mr. "Abeijon," a member of Fraga's party, wrote a letter to the German honorary consul in Malaga, thanking him "as a Spaniard" for handing over DM 100,000 in pesetas and signing the letter by saying: "Many thanks in my own name and in the name of Spain."

What might be important is whether the debate will provide information on whether any Spanish political parties—or which ones—received any funds from Germany after 18 March 1977. That was the date on which a political party law was adopted which prohibited Spanish parties from accepting funds from abroad. What happened prior to that date makes no difference any more.

What remains is the work done by the foundations of the four German political parties in Spain—which appear to have conducted their activities within the bounds of legality. The only thing is that one of the foundations was more fortunate in the choice of political parties than the others. The Friedrich Ebert and Hans Seidel Foundations are collaborating with the two largest Spanish parties while the foundations of the CDU and the FDP no longer have a major partner among the political parties in Spain now that the UCD, the former ruling party, has disappeared from the scene. One question one might ask is whether the foundations are still needed in Spain today. A Flick affair has not occurred in Spain. That much is already clear even prior to the great parliamentary debate.

9473

CSO: 3620/108

## HARBINGER OF POSSIBLE ROCA-GONZALEZ 'GENTLEMEN'S AGREEMENT'

Madrid ABC in Spanish 25 Oct 84 p 17

[Article by Jose Antonio Sentis]

[Excerpt] Madrid--Yesterday in his speech to the Congress of Deputies Miguel Roca tried to distance himself from the radical confrontation which took place between Felipe Gonzalez and Manuel Fraga on the previous day during the debate on the state of the nation. The Catalan politician, whose expectations for a political operation are pending confirmation, used a conciliatory tone in his criticism, with numerous mentions of the possibility of parliamentary agreements on questions such as economic policy and the struggle against unemployment.

It was a question of placing himself in the political center as far as public opinion is concerned, both in the nature and form of his speech. This is considered to be vital for his reformist projects. This strategic plan was immediately noted by Felipe Gonzalez, who made mention in his answering speech of "the intelligent occupation of the space which yesterday was abandoned." A remark which certainly was evaluated differently by Manuel Fraga, leader of the majority opposition, who was of the opinion that the prime minister's comment involved a "kick on the shins" for Roca's projects.

But leaving aside Roca's wishes to disagree, the latter expressed his line of argument about the need to create a "climate of confidence" in giving society a new impulse in view of the fears suggested by the PSOE [Spanish Socialist Workers Party] that "hopes for change are being eroded."

#### Climate of Confidence

This climate of confidence, according to Roca's speech, is indispensable for the resolving of problems, the foremost of which is unemployment. "And in this field," said Roca to the prime minister, "your policy has not had positive results." Roca did not even believe that the economic and social pact had a possibility of reducing unemployment, but that it would only consolidate the present number of jobs.

The Roca alternative, barely outlined, is one for attention to and stimulation of workers in the autonomies and small and middle businessmen; the reduction of tax pressure, and a new labor policy. But, most of all, the establishment of an economic policy with clear priorities, agreed upon by the parties and parliamentary groups.

Roca also mentioned that other factors, which were dealt with in the communique from the government, also did not permit the achievement of a climate of confidence which would bring about investment and jobs: citizen insecurity, the facillating policy toward the autonomies which hindered them in their function of aiding modernization of the state, and finally foreign policy.

The spokesman of the Catalanian minority--who, however, refused to make any direct reference to this autonomous community in order to speak from the "national perspective"--kept the tone of his speech as low-key as possible. But, in any case, using measured criticism, he called attention to the bad position Spain is in regarding the EEC, despite the fact that the negotiating process is proceeding. And, finally, regarding NATO, after accepting the prime minister's offer of dialogue, he reminded him that when all was said and done, what Felipe Gonzalez had proposed was the same as what the Congress itself had approved when it was decided to join the Alliance, "so that there would be no objection to ratifying it." To sum up, Roca accepted the risk of not being incisive by distancing himself from the climate of confrontation which was the dominate factor in the previous day's debate, the echos of which are still resounding in the chamber. Naturally, Felipe Gonzalez immediately took up the challenge of cooperation offered by Roca, and he hastened to say that "an agreement on economic priorities is desirable", and that it was appropriate to make one, perhaps in the budget debates themselves.

The Felipe Gonzalez-Roca debate seemed to start from a "gentlemen's agreement", with calm language, and agressiveness put away in the closet. This did not prevent the prime minister from asserting that there had been indications which implied the recovery of the "climate of confidence" asked for by Roca: a rise in the stock market, foreign investment, recovery of business surplus.

Yesterday Luis Ortiz, spokesman of the centrists, also spoke. His arguments were the same as those Fraga put forward, with slight differences and minor "angles".

8131

CSO: 3548/32

## CONSERVATIVES, ADELSONN BEGIN ELECTION CAMPAIGN IN CONGRESS

## Adelsonn's Party Leader Role Examined

Stockholm DAGENS NYHETER in Swedish 29 Oct 84 p 8

[Commentary by Ake Ekdahl]

[Text] Today, Monday, the Conservative Party Congress begins in the House of Parliament. The Center Party and the Liberal Party are putting their hopes in Ulf Adelsonn's stated desire to cooperate and distrust the party egotism of Lars Tobison and his backer, party secretary Georg Danell. This congress will decide the fate of a possible coalition government. As an introduction to our coverage of the party congress, we present here a portrait of party leader Ulf Adelsonn.

Conservative leader Ulf Adelsonn lacks ideological conviction. This is what his detractors in politics say. Adelsonn relies on his intuition. This does not mean, however, that he may end up on the wrong side of an issue, according to his closest advisers.

The lack of a comprehensive concept of society is one quality that distinguishes Adelsonn from Gosta Bohman. Comparisons of the two recur constantly even now, 3 years after the change in the party leadership.

Adelsonn is a strong individualist. He is in the right party, but from the beginning Adelsonn was not supposed to be a politician.

## Certain Laziness

Bohman delivered many long speeches on conservative ideology versus radical ideology and liberalism versus socialism. He had broad experience in public life to draw on. Parliament was his forum. He was something of a lone wolf in his party. He had to be thoroughly convinced that a certain policy was correct. He allowed the issues to "mature" before he made a decision.

Adelsonn has never made such demands on himself. Compared to Bohman, Adelsonn is lazy. Older party members note with certain skepticism that the new party

leader has had things easy in his life. He is spoiled both at home and in politics, they say.

He despises the slow pace of parliament and thrives best in the heat of election campaigns, traveling through the provinces in the campaign bus.

He delegates the tasks of thinking and decision-making within the party to specialists with whom he surrounds himself. He, himself, acts as coach and says the right things to the mass media. For this reason, his chosen confidants see Adelson as a team player, unlike Bohman.

#### Corrects Himself

But others have the impression that Adelson is poorly prepared, ignorant, and without his own opinions concerning the issues of the day.

When something goes wrong, he freely and unhesitatingly corrects himself and may even admit a mistake--an unusual quality for a politician.

In Bohman's time, the party leader took care of ideology and the deputy chairman took care of the party. Today the opposite is the case. Others plot the party's course and Adelson guides the ship in that direction. Operative responsibility suits him well. He likes to see concrete results. This is a habit he picked up during several successful years as finance commissioner with the Stockholm City Administration.

Nonsocialists in parliament hope that Adelson's stated desire to cooperate will prevail. They distrust the party egotism of Lars Tobisson and his backer, Georg Danell. These two constantly scream that the Conservatives must be the biggest and the strongest, while Adelson warns: "Do not stir up differences unnecessarily!"

There is an inner tension and struggle here that is capable of creating the outbreak of unexpected conflicts.

#### Fair-Weather Player

Many believe Adelson is a fair-weather player who will quit at the first sign of adversity. Others saw Adelson as an interim solution from the very beginning, filling the crack between Bohman and a successor who is not yet ready.

Adelson would never admit that he has never been tested as a politician. He sees the revelations concerning his junkets to the Philippines and to Rio as personal setbacks. He was branded a lightweight among party leaders.

He was also tested just after he became party leader. Older party members were filled with distrust and concern when they saw Adelson purge party headquarters in favor of a new generation.

Adelson wanted to be seen as a leader who renewed his party. Today, most



simply take solace in the fact that he lost interest and eventually calmed down. Bohman's old principle of the need for consistency still applies.

#### Pirouettes

The Conservative Party leader also faced distrust in his leadership last spring when he was sole ruler of the opposition. Falldin was at home in Ramvik with a bad stomach and Westerberg was in parliament in an unauthorized capacity, but unable to take command. Several Pirouettes on the subject of abolishing personal identification numbers and the demand to be called "mister" in parliament were a rather poor showing for a potential prime minister.

The files at DAGENS NYHETER contain 13 brown envelopes stuffed with over 100 column meters of newspaper text on Adelsohn for the past 10 years. This is frightening reading about an easy-going clown who is just one of the guys, strolling through the forests of Varmland and dashing off to Rio.

That is the mass-media picture of the leader of the country's second largest party and of the nonsocialist opposition--the person who, more than any other, considers himself to be the next prime minister and conservative Sweden's heir to the greatness of Lindman, Domo, Bagge, Hjalmarson, Heckscher, and Bohman. Holmberg does not count.

#### Tongue Slips

It is not unfair to say that he has himself to blame for his bad press. His tongue slips so easily. Serious questions are laughed off. Jargon and hoopla often conceal uncertainty. In addition, his lively temperament cannot always withstand the innuendoes of political debate.

Those around him say that Adelsohn is genuinely easy to get along with and wants to be everyone's buddy. But he can also be arrogant and irritable. He is easily offended by criticism from his fellow party members. He becomes irritated when he is misunderstood and likes to tell off those around him--especially journalists.

Only in the political rink is he able to take a rough check without beginning to blubber, as John-Olle Persson, his friend from the city government, likes to say.

He is something of a pet for radio and TV people, primarily because the format suits him so well. He is excellent at the 45-second political blurb. In this same period of time, Falldin would barely manage to get started.

Many wonder why Adelsohn is reluctant to appear in Storkyrkan Church or at the Opera House during the ceremonial opening of parliament. Is he less of a Christian than the others? Is ice hockey better than culture? Nothing of the kind. The answer is simply that Adelsohn cannot sit still that long. Too little action--no results, as he himself would say.

## Strong Ideological Conservatism Trend

Stockholm DAGENS NYHETER in Swedish 31 Oct 84 p 2

[Editorial: "Conservative Wind Blowing at Congress"]

[Text] If the people are allowed to do as they wish, we will have a conservative society, Staffan Burenstam Linder said in his presentation of the proposed new party platform.

It is no wonder that the Conservatives want to reduce the sphere of collective and political decisions since, so far, they have had a difficult time gaining support for their ideas!

"Reality is our friend," Burenstam Linder claimed in his polemics against those who have supported Utopian ideas of changing people. For him and other Conservative, politics--at least, as long as it is practiced by other parties--represents an obstacle that prevents the individual from realizing his true ambitions. For Burenstam Linden, generosity on a voluntary basis is far superior to solidarity in the form of taxes that are used for social programs.

Perhaps this economics professor goes a bit further than other Conservatives in his desire to replace social policies with charity, but there is a conservative wind blowing at the party congress and at times it is stronger than what today's party leadership is accustomed to handling.

On Monday, when the committee--consisting of delegates to the congress--discussed platform proposals and motions, the result was an even more clearly defined conservative profile. They no longer say that "policies toward refugees should be generous," which could make the debate easier for those Conservatives who want to make the gateway to Sweden narrower. The call for tougher prison sentences has become louder. Probation should be extremely restrictive.

Yesterday both the party leadership and the committee lost a vote on the right of Finnish immigrants to education in Finnish. This is unnecessary, according to a majority of the delegates.

Obviously, the demand for greater freedom does not apply to everyone!

Another result of the work in committee is a stronger emphasis on the importance of Christian values in the school and of religion classes. Here, all of a sudden, the idea is to impress a certain type of morals and standards on everyone--it seems that the Conservative idea of freedom has not yet been extended to freedom of religion!

One addition to the Conservatives' efforts to increase the role of the market is a committee proposal to abolish the Land Acquisition Act entirely. This means that agricultural land could be bought and sold like any other commodity. Was the common right of access to private land removed in committee in order to strengthen the importance of ownership?

Otherwise, on economic issues, the Conservatives seem to be in agreement. No

opposition was heard to the proposal to leave responsibility for employment in the hands of labor and management.

Thus, it is all the more paradoxical that the party leadership and committee also advocate the establishment of obligatory unemployment insurance. According to the Conservatives' cynical line of reasoning, this should mean that the labor unions would feel less pressure from their members to protect their jobs and, thereby, keep their wage demands down, since the unemployed would have a guaranteed income, in any event. Obviously, this was added to the proposed platform without the assistance of economist Burenstam Linder.

So far, Ulf Adelsohn has been given no special treatment at the congress. After his opening speech, the party leader has participated in the debate under the same conditions as the other delegates. As a result, he has lost several votes. Adelsohn seems to have taken this in stride.

On Thursday, however, the party leadership will be put to an important test: at that time, the congress will take up the defense issue. Here, the committee opposes the party leadership's request for a free hand in the negotiations that will precede the Defense Resolution of 1987. Instead, the committee supports a motion by the youth association, which calls for a 4-percent real annual increase in defense spending, beginning this year.

Such a decision would be an indirect reprimand to the Conservatives in parliament, who accepted the four-party agreement last winter, which compensated the military for the rising value of the dollar. This criticism is clearly expressed in the MUF (Conservative Youth League) motion.

The Conservative Party leadership certainly has no objection in principle to such a rapid increase in military spending. But a resolution of this type by the congress would be a deathblow to the authority of the leadership within the party and its credibility in negotiations with other parties. There is a political risk, as well, since the Social Democrats could break the previous agreement if the Conservatives gave the impression that they did not feel bound by it.

For the first time as political leader, Ulf Adelsohn must use his position to tame a strong, ideologically motivated group within his party. In particular, he must do this in order to be in the running as a credible candidate to become the next prime minister.

#### Government's Economic Policy Attacked

Stockholm DAGENS NYHETER in Swedish 2 Nov 84 p 8

[Article by Ake Ekdahl]

[Text] The government must come up with an additional 300 million kronor for the military in 1984, otherwise we will fall short of the minimal defense agreement reached by four parties in parliament last spring. Give us an answer

in the January budget, at the latest, otherwise there will be another battle over defense appropriations.

This warning was issued by Conservative defense expert Carl Bildt on the last day of the Conservative Party Congress.

The Conservatives believe that the government has been unsuccessful in keeping inflation down to the level promised last spring. Now they believe the government plans to punish the military for this failure by withholding increased appropriations needed to compensate the military for the price rises that have resulted from the government's policies.

#### Election Tactic

Bildt said at a press conference that the government's policies had been intentionally designed to cause price rises and tax increases this year, so that the government could meet its inflation goal next year, which is an election year.

"This is a cheap election tactic that also undermines the military budget and destroys our agreement of last spring," he said in his speech at the congress.

"For us Conservatives, a deal is a deal. We stand by the agreement. External security policy and moral obligations at home require new funds for defense," he said.

#### Confidence

Bildt said that the government should make an announcement concerning price compensation before the end of this year and present a proposal to parliament by January, at the latest. If necessary, the Conservatives are prepared to reopen negotiations with the Social Democrats on how to pay for the additional military allocations.

During the defense debate, Bildt was given a personal vote of confidence as a defense expert. His predecessor, Per Petersson, said he was extremely pleased to hand the baton to the new defense policy expert Bildt.

After that, it was not difficult for Bildt and the party leadership to gain the support of the congress, over the vociferous objections of the Conservative youth, who called for a 4-percent annual increase in military spending.

Bildt answered that the principle of establishing an annual percentage increase may be valid for building up NATO defenses, but not those of Sweden. In addition, it is dangerous to tie oneself down to a specific level before military needs are known, he said.

"Listen first to what the military needs, then start attaching price tags."

## Pessimistic

In his speech, Bildt was pessimistic in connection with the submarine intrusions. They are part of a conscious policy and strategy that will continue until the price becomes too high, he said.

"We have no reason to be afraid of standing up to the Soviet Union. Trembling in fear will only invite increased political and military pressure," he said.

Bildt criticized once again the government's statement on the spy book Industrispionage (Industrial Espionage), which is critical of the Soviet Union, and said it was the government's task to defend Swedish freedom of expression against foreign powers--never to defend foreign powers against diverse manifestations of the free debate in Sweden.

His conclusion was that the Swedish people have great confidence in the defense and security policies of the Conservative Party.

## Adelsohn Address Closes Congress

Stockholm DAGENS NYHETER in Swedish 2 Nov 84 p 8

[Article by Dick Ljungberg]

[Text] We must create renewed confidence in politics. We politicians must never forget why we have the mandate of the voters. We may belong to different parties, but in parliament and in the government there is only one thing that matters: to act in the interest of the entire nation.

This was stated by Ulf Adelsohn in his closing speech, after he was enthusiastically reelected as party chairman on Thursday. He called for decency and good manners in the political debate.

"The manner in which power is exercised is important--not just the results," he said. "Power must not become a battlefield for tactics, intrigue, and personal vendettas. The citizens have a right to demand that power be exercised according to the law, but also with humility, honesty, and good morals."

In recent years, the Conservatives have had to become accustomed to new levels of bad taste, which few believed possible, Adelsohn said in a clear reference to Olof Palme.

## More Decency

"Representatives of our party have been called rotten eggs and scoundrels. They have called us eggheads, henchmen, clowns, and strange birds."

"How will people ever understand that political work is good and important if politics is exempt from manners and decency? How will I teach my children not to taunt others when they can see the country's top leaders taunting others on

TV," Adelsohn asked. He called on the Conservatives to make it a point of honor to fight a clean battle.

Adelsohn's closing address at the congress--which also kicked off the party's election campaign--was something of a "government declaration" for a society ruled by the Conservative Party.

Constructing a society of opportunity will require major changes in Sweden, a new way of solving problems, and new leadership, according to Adelsohn.

He summarized this new policy in five phrases: Peace and freedom are inseparable. Our generation must pay its own expenses. People and not agencies must build Sweden's prosperity. Ordinary people must be able to live on their own wages. The state must be strong--but limited.

#### Security

Tax reductions, hand in hand with reduced grants and subsidies, was the key point in his message:

"Strong and independent families are the foundation in the new community we will create in Sweden. A new sense of community will be our most important weapon against narcotics, alcohol abuse, and insecurity: not because we want to steal jobs from the unions and take work away from local authorities, but because personal responsibility for one's neighbor is the most important and best system of social care."

"In a civilized country, the state has always had the ultimate responsibility for making sure no one goes without the security we all believe we must have. Those who claim that our party does not believe this are trying to buy votes with untruths. We Conservatives will never deny or minimize the state's responsibility," Adelsohn said.

"Much of what is now decided by political decisions must become matters of individual judgment. This is a form of freedom. This does not mean that we distrust those who work in the public sector. We know they are performing an important function. But when their jobs are expanded to include areas that are better handled by private groups or by the citizens themselves, then we are only making it difficult for public servants to do a good job."

#### Hand Outstretched to Center

Stockholm DAGENS NYHETER in Swedish 2 Nov 84 p 8

[Commentary by Sven Svensson]

[Text] The Social Democratic Party Congress was repeatedly called a truce in the War of the Roses.

Ulf Adelsohn's various appearances before the Conservative Party Congress were more like an attempted "face-lift." Adelsohn made a strong effort to appear as



the person who will lead a nonsocialist government after the 1985 elections.

At the congress, Ulf Adelsohn attempted in various ways to stop all extremist trends. He called repeatedly for a nonsocialist truce.

The question is whether or not Adelsohn has his party behind him.

It is doubtful that even the Conservative Party leadership agrees with him. Deputy chairman Lars Tobisson and party secretary Georg Danell are showing an entirely different facade. For them, the most important thing is for the Conservatives to grow in strength. Danell has said that not as much as a comma shall be changed in the Conservative Party platform.

Because of their size and their undeniable successes in recent decades, the Conservatives may claim to have solutions to Sweden's economic problems.

Even though Ulf Adelsohn may have made the Conservative facade more attractive, the Conservative alternative remains as unclear as ever. There is no deep analysis and the party congress has been characterized by a kind of superficiality.

In principle, the party's course is steady, but the course consists of the same old slogans about individual freedom, the right of the people to self-determination and, of course, the promise of budget cuts and tax reductions.

Everyone knows by now, from long experience, that cuts in public expenditures are popular only until a decision is made. As soon as people realize that the cuts will hurt them, the protests begin and even the Conservative Party gets cold feet.

#### Two Problems

A new nonsocialist government would face two main problems, although this was not indicated at the party congress. The first problem is the wage-setting process and the other is labor-market policies.

We know by now that not even a Social Democratic government can make labor and management see reason. It would be that much more difficult with Ulf Adelsohn as prime minister.

On this point, the Conservative Party Congress has come up with nothing new.

For some time now, the nonsocialist parties have harped on unemployment figures in order to get at the Palme government.

The Conservatives say that labor and management must be responsible for unemployment, while the government must keep inflation in check.

## Ostrich Politics

Giving the voters the impression that a nonsocialist government that promises to reduce taxes, reduce social spending, and take other such measures would also automatically increase employment is like putting one's head in the sand.

The political experience is clear: Only low inflation and cautious increases in real wages provide increased employment.

Regardless of the government's color, the wage-setting process is intimately connected to employment policy.

Two other major trends emerged from the congress. One is the increased tension within the Conservative Party. The other is increased tension toward the middle parties.

The internal differences are between the neoliberals and the social or cultural conservatives.

## Bridge Building

With regard to the middle parties, Adelsohn has several bridges to build if the outstretched hand of the party leader is to gain any credibility.

The key issues are foreign aid, healthcare, agriculture, nuclear power, security policy, and perhaps family policy. The Center Party was delighted that the Conservatives joined with the government on agricultural policy.

The Conservatives have now gone their separate ways. The first test of Ulf Adelsohn's outstretched hand will come at the Liberal Party Congress in 3 weeks. The victory of the neoliberals in the Conservative Party will tend to push the Liberal Party into a social-liberal posture.

## 'Hawks' on Defense Budget Defeated

Stockholm DAGENS NYHETER in Swedish 2 Nov 84 p 2

[Editorial: "Adelsohn and Bildt against Hawks"]

[Text] In the end, Ulf Adelsohn and Carl Bildt got their way: Without a vote, the party congress decided to reject the MUF proposal that would have tied the party to a 4-percent real annual increase in defense spending.

It was a wise decision. The Conservatives--who hardly need to prove their support for defense--now maintain their ability to have a real impact on the upcoming defense resolution, which will unavoidably take the form of a compromise involving several parties.

In addition, tying down future defense spending to a specific figure would have represented a repudiation of the four-party agreement last winter that included

the Conservatives--to the great consternation of the party's youth association. Now, instead, the Conservative Party, with its credibility as a negotiating partner intact, can demand that the contents of this agreement not be undermined--which is already being done, as indicated in Carl Bildt's speech.

To be sure, the four parties agreed that the military would be compensated by an additional sum of about 130 million kronor, which was lost because of the new method of index incrementation. But the government is unwilling to replace the 300 million kronor the military lost when the inflation rate exceeded the 4-percent ceiling in the consumer price index, stipulated by the government.

Thus, the result of the unsuccessful battle against inflation is an unintended reduction in defense. The situation is not improved by the government's efforts to force unavoidable price rises to occur this year, so that next year's figures will be acceptable. These early price rises will also hurt the military!

Three hundred million is a lot of money. It is more than the entire cost of the multiyear program to improve antisubmarine defenses, as recommended by the Submarine Commission last year. Compared to last winter's defense agreement, it is clear now that the true sum is dropping to the level originally proposed by the Social Democrats.

Now the Conservatives are the victims of the same Social Democratic sleight of hand in the practical implementation of agreements that the middle parties experienced so frequently after the tax agreement of 1981!

There is a serious danger that the air force will be hardest hit by the upcoming shortage of funds. In the commander in chief's plans, three Draken fighter divisions, which the four-party agreement intended to maintain through the early nineties, are already in peril.

If the government is allowed to utilize the fact that inflation has exceeded the established ceiling to reduce military expenditures, then the fighters may be considered lost. This possibility must be opposed by everyone!

But it was also important for the Conservatives to avoid being tied down from another standpoint, in addition to defense policy. There can be no doubt that such a categorical decision would have made it extremely difficult, if not to say impossible, for the Conservatives to reach agreement with the Center Party and the Liberal Party on a possible government program in the future.

Even though Ulf Adelsohn, who advocated openness and a willingness to compromise throughout the congress, is under heavy pressure from within his party, he has maintained the freedom to act that will be required for any meaningful negotiations with the other parties. Negotiations will be made difficult enough by the fact that the parties differ sharply on several important issues.

But already the Conservative leader has optimistically stirred up a hornets' nest by proposing that the nonsocialist parties work out a joint family policy,

even before the election.

The conditions set forth by Adelson on behalf of the Conservative Party may be considered sufficiently vague to permit a compromise: More justice and freedom of choice between different types of childcare and between municipal and private daycare centers, taxation of families according to their ability to pay, and a general safeguarding of the family. In family policy, however, the Conservatives actually occupy a position between the Center Party and the Liberal Party. As a result, there is no assurance that an agreement will be reached.

But this does not frighten Ulf Adelson who, in his closing address, spoke of the importance of looking at possibilities, rather than going blind looking at the difficulties. Like a breeze from Ronald Reagan's presidential campaign, this enthusiastic message blew through the solemn halls of parliament. For the Conservatives, the election campaign has begun.

9336

CSO: 3650/34

## MODERATE PARTY CONGRESS MAKES DECISIVE IDEOLOGICAL TURN

## Most United Political Party

Stockholm SVENSKA DAGBLADET in Swedish 27 Oct 84 p 2

[Commentary by Mats Svegfors]

[Text] When the first three-party government was formed in the fall of 1976, it was primarily a Center Party government. Center Party advances among the voters and the Center policies of the early seventies, symbolized especially by opposition to nuclear power, were naturally extended to a Center-dominated nonsocialist government.

The Liberals were more or less forced and compelled to join the government. The voters demanded a three-party government.

More than the other two parties, the Conservatives had pushed for a three-party government. This was the Conservative's only chance of being included in the government.

Today, 8 years later, the tables have been turned. Now it is the Conservatives who have gained voter support. It is now the message of the Conservatives that has determined the political agenda for a number of years.

If the nonsocialists win the elections, it will probably be a Conservative government that is formed, to the same extent that it was a Center Party government in 1976.

Obviously, in this situation the Conservatives have few problems. The party hopes for an election victory in 1985, but believes it is strong enough to wait 3 more years.

While the Conservatives were developing their platform, various observers--especially those among their opponents--attempted to paint a picture of internal differences within the Conservative Party: social conservatives were said to be opposed by neoliberals.

Of course, this makes the situation more interesting, but the Conservative Party is not quite as ideological as the debate would indicate. Personally, I do not believe that any other party, with the possible exception of the Liberal Party, has so little internal political tension as the Conservatives.

To be sure, the Conservative Party has a history of dissention, especially concerning the person and positions of the party leader. Despite the extremely strong position held by Gosta Bohman, the party lacks a tradition of a personality cult surrounding the leader. If voter confidence drops, then the party's confidence in its leader also drops.

Thus, when Ulf Adelsohn was selected as party leader in Falun in 1981, his position was by no means clear. After the formal election as party leader, he had to win the real status of party leader.

He has accomplished this over the past 3 years. But he is not the same type of party leader as Gosta Bohman.

More than anything else, Adelsohn has promoted the breadth of the Conservative Party. Without compromising his own position, he has allowed a number of other politicians--Lars Tobisson, Carl Bildt, Staffan Burenstam Linder, Per Unckel, and others--to take independent and prominent roles in Conservative politics.

This approach is not found in any of the other parties. The Center Party is clearly a one-man party and the Liberal Party is run by a select few. Not even the large Social Democratic Party can now point to any real breadth.

Potentially, of course, the problem of nonsocialist unity arises when there is a drastic shift in power within the bloc. If a similar event had occurred in the mid-seventies, then the tale of the three-party government would have come to an end. At least, the Liberal Party would have severed its ties and based its subsequent political influence, if not on a formal agreement, at least on cooperation with the Social Democrats. Presumably, the Center Party also would have broken with the Conservatives.

Today, this will not occur.

One reason, of course, is the relatively broad agreement among the three non-socialist parties on economic policy.

To a certain extent, it is also because the three nonsocialist party leaders work well together on a purely personal basis. There are even some in the various parties who believe this cooperation is too close. After all, the party apparatuses lose power if the three party leaders meet too often in the sauna of the Hotel Karelia for private discussions.

But there is another, and probably decisive, explanation to the nonsocialist unity. It is simply that the alternative has been completely exhausted.



Olof Palme has managed to destroy every conceivable bridge to both the Liberal Party and the Center Party. Distrust of Palme is now just as great in the Center Party and the Liberal Party as it ever has been among the Conservatives. The question is whether the Social Democrats, or Olof Palme himself, can imagine how deep and final the rift is that has been created by the Social Democratic policies and Palme's manner of representing them.

In practice, this will probably determine the structure of Swedish politics as long as Olof Palme remains as party leader.

Even though it was a Center government that was formed in 1976, this does not mean that the government conducted Center Party policies. Assuming governmental power is one thing and carrying out policies is another.

The Conservatives will meet their real challenge once they have formed a government. As the Center Party discovered in 1976, even one's coalition partners represent of threat. They will not participate in a government at all costs. Before a government has even been formed, the Conservatives may have to bargain away important parts of their policies.

Thereafter, they will face another stubborn reality. There will be many demands from the nonsocialist voters. Some will coincide with the imperative demands of the economy, but not all--probably not even most.

The Conservatives like to think that so-called unpopular decisions will be popular among their own voters. I believe that this is a delusion that is just as dangerous as it is big. Like the voters of the other parties, most Conservatives are middle-income earners with children at the daycare center and some elderly relative in a public healthcare facility. On the whole, cutbacks hit the supporters of all parties equally.

Nevertheless, comparisons with the Center Party of 1976 give rise to some hope.

The Center Party formed a government after voter support for that party had been declining for 3 years and environmental issues had already begun to drop on the political agenda, in favor of economic issues.

The situation is different for the Conservatives as we move toward 1985. The party's position among the voters remains strong and the structural problems within the economy remain. They will not disappear like the green wave that swept across the country during the early seventies.

If the Conservatives are correct in their political analysis, according to which the country's problems are related to the advanced collectivization of the economy and society, then it is unavoidable that the party will form a government sooner or later. The voters will never be satisfied as long as the country's problems remain and there is an alternative that is untested.

It is the responsibility of the Conservatives to see that the tactical and strategic considerations are met in such a way that the Conservative alternative is actually given a try. The Conservatives must not only take charge of the government, but they must also implement their policies.

## Stress on Individual Rights

Stockholm SVENSKA DAGBLADET in Swedish 31 Oct 84 p 2

[Editorial: "Policies Count"]

[Text] During the entire post-war period, the Conservative Party has been characterized by liberalism. The party has stood for the freedom and rights of the individual against the growing power of collectivism, which has taken the form of enormous growth in the public sector and the sphere of political decision-making, in limitations on the individual's ability to act freely because of the constantly rising pressure of taxes, and in regulations and violations of personal freedom.

It is misleading to call the new platform that the Conservative Party Congress began debating on Tuesday a change of course in the liberal direction. It is not a change in course. It simply places a stronger emphasis on the liberal character of the Conservative Party.

There are many factors behind this clearer and stronger emphasis on individual freedom, as opposed to the domination of collectivism and on the advantages of the market economy as opposed to political interference.

One fundamental factor is what Staffan Burenstam Linder pointed out in his ideologically oriented introductory speech, namely the experience of recent decades in Sweden and other countries.

The expansion of the politicized sector has been fueled by the belief that market solutions often fail, while political solutions are always right and successful. This socialist doctrine has now been undermined by actual experience. In case after case, the political solutions have led us out of the frying pan and into the fire.

Experience also has shown that such an enormous public sector, that is financed to such a high degree by taxes and debt, threatens to lead to economic collapse. The public sector is becoming its own worst enemy.

It is not just the practical experience of the failure of Social Democratic policies that has caused a liberal renaissance. Scientific research and intellectual debate have given new support to market-economy and liberal solutions. Even though the old, antiquated cultural left still haunts the cultural pages of some newspapers and leftist representatives of the media still hold strategic positions, the public debate is thriving, much to the dismay of the Social Democrats.

In addition, there is strong popular support for the right of the individual to make more decisions and for the politicians to have less power. This is a popular opinion found among the broad masses of people.

Thus, the new platform that is the main topic of the Conservative Party Congress is a program that reflects the ideology of our time. Nevertheless, it will be useless unless it is put into practical policies. The plan of action must become action.

A party can influence the course of events, even when it is in opposition. But the true hopes of the Conservative Party are linked to a change in government after the parliamentary elections in September 1985.

Much publicity has been devoted to the question of who will become prime minister and what the composition of the government will be after a possible nonsocialist victory. With all due respect to these important questions, it must be pointed out that it is the policies that count.

In Lars Tobisson's introductory speech to the debate over economic policy, he stressed that it would be no easy task to implement the party's program, but that this difficult and necessary work cannot be avoided.

The voters who are behind the strong movement for individual freedom in this country will not be satisfied with additional years of nonsocialist government similar to the 6 years in the past. They will not accept the idea that an artisocialist change in course must occur slowly with minor changes. Experience from what was called the "Mundebo braking distance hypothesis" in connection with the budget should be enough of a deterrent.

It is practical policies that count. These practical policies require rapid and radical changes in course in the direction of freedom. It is for this reason and for this reason alone that a nonsocialist government is needed.

#### Finally Broke With 'Social Reformism'

Stockholm SVENSKA DAGBLADET in Swedish 2 Nov 84 p 2

[Commentary by Mats Svegfors]

[Text] During the 1979 election campaign, Costa Bohman committed a genuine faux pas. Early one morning during an interview, he answered a question asked by a charming female journalist from the foreign service of the radio corporation. The question dealt with middle-party policies. Costa Bohman described them as nonsense.

Of course, this would not have been a faux pas if Bohman had not stated something that was true, but was not permissible to say.

During the first 3 years of the nonsocialist government, it was shown that the Liberal Party and the Center Party agreed on only a few issues. Nevertheless, the myth of middle-party politics was important, for it kept the Conservatives out of the way. This myth gave the middle parties power in the three-party government. Middle-party politics was nonsense, but it would certainly have been incorrect to claim that any other combination of two parties within the nonsocialist bloc gave a better description of reality. As a result, there was

something to the notion that both the Center Party and the Liberal Party--without agreeing in substance--remained consistently to the left of the Conservative Party in their positions.

Now the Conservatives have ended their congress. Both the approved platform and the speeches indicate that the party has finally broken with the broadly accepted social reformism of the post-war period. Prosperity shall not be created by public programs. On the contrary, prosperity will be strengthened by abolishing various public programs.

It would seem that the middle-party alternative would be enhanced by such a strong Conservative profile.

But this is not happening. Instead, it is the Center Party that is breaking away. The party is doing this by sticking to its old reformist policies. To be sure, the party supports budget cuts and says that the budget deficit is a threat to prosperity and must be reduced, but the Center Party is not happy or enthusiastic about making cuts in the welfare state. Forming a government in 1985 with the Conservatives as the largest nonsocialist party could be a mixed blessing for the Center Party.

The Liberal Party, on the other hand, sees no major problems in forming a nonsocialist government.

In reality, the Conservative Party profile probably suits the Liberals quite well. From a political standpoint, it is a step in the right direction. The Liberal Party also believes that it is private alternatives that will strengthen prosperity. At the same time, the profile is so strong that it leaves some room for the Liberal Party to act.

But it is not the differences between the Liberal Party and the Conservatives that dominate the picture. It is the similarities. Despite the strong Conservative profile, the two parties are close together. It is not altogether true that the middle-party policies belong to the past. They have left room for a new combination of two parties--a liberal bloc consisting of the Liberal Party and the Conservative Party.

In both the historical and international perspective, the differences between the two parties are so small that they can hardly be distinguished.

At the same time, it is no longer valid to describe the Center Party as a leftist alternative within the nonsocialist bloc. Cooperation with FDS (Christian People's Party) has meant--or coincided with--a shift in the policies of the Center Party itself. Rural affairs, the family, the environment, and morals are key words for the party today. None of these issues place the party clearly to the left of the two liberal parties.

Paradoxically, this is not to say that the middle-party policies have played out their role in Swedish politics. In one respect, they live on.

However much the two parties differ, the reality of power politics remains. 11

the Liberal Party and the Center Party claim that middle-party policies are alive and if their combined voter support in the parliamentary elections exceeds that of the Conservatives, then they can claim the right to choose the prime minister and determine together where the center of gravity of the new government's policies shall lie.

Of course, in the long run, middle-party politics cannot survive if they are based on nothing but empty phrases.

If the political trends within the three nonsocialist parties continue, the present picture of the nonsocialist bloc will change. There will be a liberal bloc consisting of the Conservatives and the Liberals. Then there will be the Center Party, whose position is difficult to determine even today and whose future is even more difficult to predict.

For now, the Center Party is hoping that, together with the Liberals, it will receive more votes in the next elections than the Conservatives. If so, the question of the future position of the Center Party will not necessarily come up. Like all politicians, the Center Party leadership is planning for the most favorable case and, if this does not occur, most indications are that the Center Party will join a three-party government if there is a nonsocialist majority, although it will do so with much less enthusiasm than in 1976 and 1979.

But this does not answer the question of what will happen to the party in the long term. This question is still being considered, although it is not stated openly, by political analysts in both the Center Party and in the other parties.

#### Youth Wing Defense 'Hawks'

Stockholm SVENSKA DAGBLADET in Swedish 1 Nov 84 p 6

[Article by Erik Liden]

[Text] At least 14 billion kronor separate the defense budget proposal of the Conservative Youth League (MUF) from the proposal of the Executive Committee. Voting on defense and security policy will take place on Thursday. The 14 billion is for the period 1982 to 1987.

If we examine the defense-spending curve through 1992, which will be included in the Defense Resolution of 1987, the differences are even greater.

An extended curve for defense spending according to the four-party agreement last spring indicates annual military spending of about 30 billion kronor, while the Swedish military envisioned by MUF would cost 35 to 37 billion kronor annually.

In response to the MUF motion, the Executive Committee of the party told the party congress that, before the Defense Resolution of 1987, it would be inappropriate to state precisely what economic resources must be given to the military.

The young Conservatives demand that, beginning with 1982, the military be compensated for technical developments and other factors by an annual increase of 4 percent in real purchasing power.

The Executive Committee says that the Defense Committee of 1984 will make a detailed analysis of how much strength the military and security situation will require parliament to provide for the military in the Defense Resolution of 1987. Increases will be necessary, according to the Conservative Party leadership.

MUF chairman Gunnar Hokmark believes that this will be at least 3 years too late. He has claimed on several occasions that plans developed by commander in chief Lennart Ljung show that our defense strength continues to drop, despite additional spending.

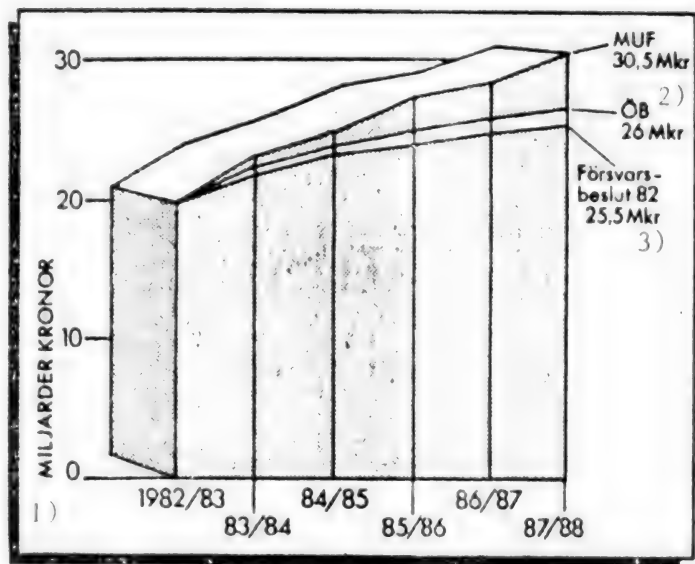
The four-party agreement provided 2.2 billion kronor extra for the military during the 5-year period of 1982 to 1987. The commander in chief has found that 5 to 7 billion kronor will be needed to carry out the parliamentary resolution of 1982. This figure was previously approved by Conservative security policy expert Carl Bildt.

Bildt also said that the four-party agreement was unfortunate for the future development of our defenses. Larger sums were needed. Bildt and former Conservative leader Gunnar Heckscher have stressed this point in several newspaper articles.

They demand a return to the levels of defense spending allocated during the 1950's. At that time, 5 percent of the gross national product (GNP) was reserved for defense, while today the military receives just over 3 percent of the GNP.

Nevertheless, it is reported that Bildt will vote for the proposal of the Executive Committee after today's defense debate at the party congress.





Billions separate the defense proposal of MUF and that of the Conservative Party.

Key:

1. Billions of kronor
2. Commander in chief
3. Defense Resolution of 1982

#### Decision for Stronger Defense

Stockholm SVENSKA DAGBLADET in Swedish 2 Nov 84 p 2

[Editorial: "Conservative Defense"]

[Text] We are facing an unavoidable reassessment of our defense policy. We have weakened our defenses over a period of many years. Our policy has been based on the concept of detente and the reduced danger of war.

The submarine intrusions have demonstrated emphatically that our concept of reality in the field of security policy has been incorrect.

It was deeply disturbing that the intrusions began at all, but it is absolutely alarming that they continue. All the earlier theories that decisions were made at low levels, that the intrusions occurred by mistake, and similar assumptions are now collapsing like a house of cards.

The most serious report of an intrusion is the most recent one. This is not because the contents of this report differed from that of previous reports, but rather precisely because the contents are the same.

The intrusions continue.

The military considers these intrusions to be extremely serious. In practice, they are leading toward a thorough reevaluation of both the direction and structure of our defenses. Resources are being diverted for defense against such incidents. Funds are being transferred from the air force and the army to the navy.

The same is not true of the reaction within the government and in parliament. The political parties continue to allow the military to be weakened. The defense agreement last spring did not end this trend, but simply slowed it down somewhat.

The political process is extremely slow. When reality can no longer be ignored, it requires an enormous effort by the politicians and the political parties.

We saw this first in connection with the Social Democratic Party Congress. Olof Palme and Anders Thunborg had to fight to stop the demand for unilateral Swedish disarmament.

But the Social Democratic leadership went no further than that. So far, the turnaround on defense spending has been limited to the resolution at the congress. The military has yet to see any results in the form of money.

This development in the Social Democratic Party illustrates one of the dangers we face. The political process is so slow that changes occur only at the rhetorical level. Unchanged policies are described in new words.

Of course, it was the fear of a similar course of events in the Conservative Party that resulted in so much attention devoted to defense policy at the Conservative Party Congress. There is widespread discontent with the position taken by the Conservatives last spring. The broad agreement involving the four democratic parties failed to stop the erosion of military resources. Those who introduced the motion at the congress wanted to reduce the freedom of the party leadership. Although the debate on the last day of the congress touched on the actual mechanism of guaranteeing more money for defense, this question was actually of little interest.

The Conservative Party leadership emerged from the congress with a clear mandate. The congress stated emphatically that the Conservatives must make defense a major issue in the elections, in order to prepare the way for a stronger military, beginning with the Defense Resolution of 1987.

Formally, the party leadership was victorious on defense policy at the congress. In reality, party opinion has made defense a key issue for the Conservatives for the remainder of the eighties.

## BRIEFS

SOVIETS BAR REPORTER FROM ENTERING--The non-socialist parties are critical of the fact that the government did not act more forcefully when a Swedish journalist was refused an entry visa for the Soviet Union in order to cover Communications Minister Curt Bostrom's visit. The Moscow trip should have been cancelled, says Liberal Jan-Erik Wikstrom. This is a very important matter of principle. If the Soviet authorities refuse entry to a journalist in connection with an official visit, they can do the same with anyone else in the future. Center Party leader Thorbjorn Falldin is saying that he himself would have followed established practice and not left until the reporter had been given a visa. "There is nothing that indicates that the issue was brought up at a high level during the Moscow visit. This is remarkable," says Conservative Carl Bildt. [Text] [Stockholm DAGENS NYHETER in Swedish 19 Oct 84 p 8]

CSO: 3650/31

## MANPOWER PLANNING SEEKS TO MAINTAIN MOBILIZATION STRENGTH

Bonn DIE WELT in German 18 Oct 84 p 6

[Article by Ruediger Moniac: "Manpower Planning: Strength To Be Maintained In Spite Of Cuts"]

[Text] In 1988 the number of young men who will then be liable for military service and also fit for duty will fall below the magic number of 250,000. This number marks the annual manpower requirements which the Bundeswehr and police, the Federal Border Guard, disaster protection and development service have in common. Finally, in the 1990's the annual supply of young men who are liable for military service will be so low that the Bundeswehr in 1 year will find approximately 100,000 fewer conscripts than it in fact needs to maintain its peacetime level. If the Federal Government were not taking counter-measures today, the level of the Bundeswehr would be less than 300,000 soldiers at the end of the 1990's. In practice this would mean that the core of the NATO defense in central Europe, the Bundeswehr, would no longer be in a position to fulfill the defense tasks which have been transferred to it.

The Bundeswehr would be so depleted that entire brigades, even divisions would not exist and thus large sections of front sectors in the forward defense of the alliance on German soil would be without any military defense protection.

The calculations by the military experts concerning the balance of forces between East and West in Europe today reveal that the Western alliance cannot afford any further cut in its own units. In the case of the ground forces 22 NATO divisions would be confronted by about 61 divisions of the Warsaw Pact at the beginning of any conflict.

Within a few days following the beginning of a war the ratio would quickly change further to the detriment of the alliance because the Soviet Union would be able to bring up an additional 34 divisions from its western military districts. These are the forces of the so-called Second Strategic Echelon. At the same time, if necessary, NATO would be in a position to bring approximately six additional divisions from the United States to central Europe. Thus, a few days after the beginning of a conflict the 28 divisions in the West would be confronted by 95 divisions in the East.

In this situation, from the perspective of the Germans, it would be devastating if the Bundeswehr nonetheless permitted a weakening of its manpower strength.

For these reasons Minister of Defense Woerner stresses the fact that "the Bundeswehr remains decisive for preventing a war. At the same time it is the most important contribution by the FRG to the Alliance. The Bundeswehr is the strongest conventional armed force in West Europe. Without the contribution of the Bundeswehr effective deterrence and a coherent forward defense of our country and the Alliance is unthinkable."

In the event of a conflict the Bundeswehr, on a priority basis, must fulfill three objectives. It must:

--guarantee forward defense after a short warning period;

--cover the deployment of allied corps in the initial phase;

--and at the same time guarantee the development of NATO a full-strength defense level.

Thus, today many posts in the Bundeswehr are staffed by cadres, which means that only in the case of mobilization would they be provided soldiers so that the German army can triple its manpower level for defense, the air force double it, and the navy increase its size by 1.75 percent. This fact, in the judgment of the experts at the Ministry of Defense, imposes narrow limits on any further formation of cadres. Given this starting point a scheme for manpower planning has been developed which permits the statement that with certain cuts the Bundeswehr will be able to maintain its manpower strength in peacetime despite a rapidly declining annual birthrate. In any case, this is guaranteed in the event of a conflict because planning includes reservists who can be mobilized.

#### Long-Time Personnel

An adequate level of long-term and career servicemen is of decisive importance for the command capability and operability of the armed forces in peacetime and for increase to defense level. The shortage of men available for military service imparts especially on the young noncommissioned officers. Thus, in 1983 the Bundeswehr began increasing funds for long-term servicemen. This will be continued as such until 1987. In this way it hopes to be able to overcome the current shortage of 15,000 long-term servicemen.

On a long-term basis even these efforts will not be adequate because, as the birth curve shows, from 1986 on the pool of those who can commit themselves as long-time personnel will become smaller overall. Today the Bundeswehr must convince every 10th man to enter into a longer enlistment period. In the future it must succeed in doing this with every eighth man from the pool of men liable for military service. Moreover, the long-term servicemen must be encouraged into even longer enlistment periods. Today the average enlistment period of long-term servicemen is 7.4 years. In the future, according to the calculations by the planners, it must be 8.8 years. The Hardthoehle thinks it knows how that can be accomplished. The Bundeswehr wants

to enhance the attractiveness of military service, for example, by financial incentives or even by increasing satisfaction with the professional work. The former will happen with an increase in the initial and subsequent enlistment bonuses, the latter with relief in the weekly service periods and, quite generally, with improvements in the social situation of long-term personnel.

With the career servicemen, according to the views of the minister of defense, headroom will have to be increased between 1986 and 1991. For only if there is a sound structuring of personnel in the forces can young personnel in the noncommissioned officer and officer ranks be promoted "from below" in the next few decades in a manner consistent with proper structure. Beyond that, the ministry wants to broaden the core level of manpower (career servicemen, extended active duty officers, civilian personnel in military service slots and non-reserve officer candidates) from today's 84,000 to 90,000 later on in order to overcome the shortage. Together with the addition of 27,000 long-term personnel which was previously mentioned, these manpower measures will constitute an increase of 33,000 in the level of the Bundeswehr in peacetime.

Conscripts performing basic military service: The most incisive changes can be anticipated in this group. And yesterday Minister Woerner once again sought to eliminate even in the Cabinet any doubt about the fact that the Bundeswehr of the 1990's cannot get by without increasing basic military service by 3 months to a total of 1.5 years. For downgrading of fitness and requirements criteria for men eligible for military service and reducing the obstacles to the draft, coupled with the decrease in the exemption rate for civil and disaster protection, will bring the forces only about 27,000 additional conscripts performing basic military service each year. On the other hand, lengthening basic military service by 3 months will provide the "big chunk" for overcoming the shortage. The experts figure on 10,000 more men each month. In 3 months that means, therefore, 30,000 additional men. But since this group will remain in the military not only 1 year, but rather 1.5 years, the experts figure on a buildup of 42,000 men, apart from the "losses" due to illness and other isolated personal problems.

Reservists: Even with this group there are important changes in the works because of the planning at the Hardthoehe. While today the Bundeswehr has available each day about 6,000 reserve duty training slots (and thus a corresponding number of reservists in the military for reserve duty training), this number is to increase by almost threefold in the future. In the 1990's the Bundeswehr wants to keep 15,000 reserve training slots available each day. In actuality, this means that in the course of a year about 300,000 reservists with 2-week training periods will be in the units of the Bundeswehr to increase the operational readiness level. At the same time, they will raise their military know-how to the highest level so far; thus, in the event of mobilization, all the armed forces will have a much higher level of operational effectiveness as compared to today because of the better training of reservists.



Together with the reserve training slots the Bundeswehr wants to maintain an effective strength of more than 470,000 men in the mid-1990's. With the help of improved standby readiness it wants to make up the difference between that and 495,000 today's peacetime level. Concretely, this means that approximately 25,000 soldiers who have just finished their basic military service will, of course, be discharged to civilian life, but at any time, without special legal action, they can be recalled to their unit by the minister of defense simply by administrative order. And they will then be put into slots where they were last active during their basic military service.

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CSO: 3620/88

## GOAL OF MILITARY MATERIEL PLANNING: 'QUALITY, FLEXIBILITY'

Bonn DIE WELT in German 18 Oct 84 p 6

/Article by Ruediger Moniac: "Materiel Planning: High Quality and Flexibility"/

/Text/ In connection with the precautionary measures to lessen the manpower shortage in the Bundeswehr in the 1990's the Ministry of Defense has completed comprehensive planning for outfitting the forces with weapons and equipment. Defense Minister Woerner characterized these studies as the most comprehensive since the establishment of the Bundeswehr. The planning period for defense procurement extends over 15 years, thus when viewed from today, up to the year 2000. Woerner and his civilian and military staff workers, with the Bundeswehr chief of staff in the forefront as the individual responsible for planning, had to establish a totally new basis for these studies because the last authorized Bundeswehr plan was in 1977.

The "stocktaking related to defense planning" which Defense Minister Woerner ordered when he took office produced the result which has now been considered by the cabinet for the Bundeswehr's procurement projects. In general it is characterized by new priorities. On the basis of a reliable analysis of the military capabilities of the Warsaw Pact and their evaluation by experts on military operations the targets today for defense procurement in the 1990's are as follows: eliminate recognized weaknesses in the army, air force and navy. These were found primarily in the areas of reconnaissance, electronic warfare and the reserve stock of ammunition. Beyond that future defense procurement will be concentrated on substantially improving air defense and soldier's medical care. In this the Ministry of Defense is determined to intensify the previously long-neglected research and development for new weapons and items of equipment for the armed forces. In the view of the Hardthoehe this is essential since procurement for the 1990's can profit from the highest possible level of modern development.

Yesterday, in presenting the planning design, Defense Minister Woerner said that special value had also been placed on increasing the endurance of the defense forces and that they had no longer been guided by traditional quotas in respect to evaluating future arms requirements of the army, air force and navy, but rather had set priorities above and beyond the military services. Finally, in the future there will no longer be any more so-called thinking in terms of successors. This means that a tank or armored personnel carrier no longer must

automatically be replaced by a tank or armored personnel carrier, but rather by possibly totally newly-designed combat vehicles with different objectives. From what Woerner said, defense procurement is based on the figures in the Federal Government's 18th financial plan. Of course, in internal discussions the minister indicated that on the basis of promises by Minister of Finance Stoltenberg he can count on improvement in the financial situation in arms planning.

In detail, the following acquisitions are planned for the military services:  
Army: The army intends to overcome its weakness in artillery with the introduction of a new rocket launcher and a self-propelled howitzer. The intermediate artillery rocket system (MARS) and the 155-l self-propelled howitzer are intended to do this. They are to be introduced at the beginning of the next decade. In turn, in the second half of the 1990's the focal point of planning will be the modernization of the armored combat forces. In doing this, the army intends to embark in new directions within the context of getting away from thinking about successors. For example, the outline contains a sketch of a antitank vehicle equipped with a telescoping boom, which from a covered position can look over houses and forest edges and observe the battlefield and thus will also fire rockets.

In addition, the new systems will provide the army with an enhanced antitank capability because of the improved antitank helicopter (PAH-2). This weapon system which is currently under joint development with France is to be fully operational even under conditions of poor visibility and at night. In view of the great superiority of the Warsaw Pact in respect to the use of attack helicopters the army also wants to be equipped with a combat vehicle which is not only effective against tanks but also at the same time against helicopters. Overall between 1989 and 1997 the army wants to acquire 4,467 armored combat vehicles of the new generation. The "armored combat vehicle 90" project is the source of estimated total costs of DM12.118 billion.

Air force: In the air arm of military service the multipurpose aircraft "Tornado" is currently being introduced. It is intended for air attack purposes. In the arms planning which has now been acknowledged by the cabinet full utilization of it for this purpose is provided for by the introduction of so-called third generation ammunition. For this alone DM3.5 billion have been projected. The decisive weakness in the Luftwaffe, however, was in air defense. In the future it will be substantially reduced by the introduction of the "Roland" and "Patriot" surface-to-air missile systems. Both weapons are intended to protect command centers and airports at which in the event of a crisis air force reinforcements from the United States are to be stationed. In addition, there will be an increase in the combat effectiveness of the "Phantom" F4-F which, equipped with new radar and air-to-air missile, is to strengthen mobile air defense. A modern high-performance fighter aircraft, the so-called fighter aircraft 90, is planned to do this; it is supposed to be able to engage several air targets at the same time. This aircraft is being developed by the FRG together with four other countries, namely France, Great Britain, Italy and Spain. The German air force is to receive approximately 200 of this efficient fighter aircraft. Anticipated introduction is from 1997 on.

The Luftwaffe is supposed to receive a guidance system, called ACUS, at an estimated total cost of almost DM260 million. In order to arm its fighter aircraft there is provision for procuring 2,300 intermediate range air-to-air missiles and more than 4,500 short-range missiles.

Navy: In the case of the naval arm of military service the arms planners have the fewest weaknesses to remedy. Its equipment is considered today to be balanced. In the opinion of the experts there is a correct mix of ships and aircraft so that maintaining their combat effectiveness is basically directed toward replacing the obsolescent weapon systems in the appropriate numbers in a timely manner. In the 1980's the navy will receive the 112 Tornado aircraft which have been assigned to it and will modernize its 12 type 206 submarines so that it will continue to be in a position to initiate, well in advance in the depths of the Baltic Sea area, the defensive battle against the Warsaw Pact. The efficiency of the fast patrol boats is to be maintained through various modernization measures. The existing "Sea King" helicopter, which so far was used exclusively for rescue and communication tasks, will be refitted and then be usable also for antisubmarine defense.

With the beginning of the 1990's the navy intends to shift its procurement to equipment for the benefit of combat and territorial protection in the North Sea and the adjoining ocean regions. The introduction of six type 211 submarines and Type 124 frigates is planned to do this.

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CSO: 3620/89

## ISNARD COMMENTS ON 1985 MILITARY BUDGET AUSTERITY

Paris LE MONDE in French 19 Sep 84 pp 1, 16

[Text] There will be a shortfall of some 1.3 billion francs in the 1985 military budget bill compared to the commitments that the government had characterized as "self-evident" in the 1984-88 military programming law approved by the parliament last year. This is the most obvious sign that the Ministry of Defense will not escape the budgetary austerity in 1985 as President Francois Mitterrand had announced, incidentally, in his message to the French armed forces on 14 July 1984. But it is also the occasion for two deputies of the opposition, Yves Lantien (RPR [Rally for the Republic], Paris) and Jean-Marie Daillet (UDF [French Democratic Union], Manche) to denounce the fact that Minister of Defense Charles Hernu has, in the second year of implementation of his 5-year plan, decided not to achieve its goals.

Actually, the situation is not so simple. It is explained at the Ministry of Defense that the 1985 budget bill results from a twofold resolve: to take account of the head of state's intention to keep public outlays, including those of the armed forces, in line, in solidarity with the nation which is asked to make this sacrifice, but not to jeopardize anything essential in the nuclear and conventional outfitting of the French forces. This is a "tight" budget, it is said, but it is a "volunteer" budget which would preserve the future.

With 150.2 billion francs, to which it is necessary to add 28 billion francs in civilian and military pensions, the French armed forces will thus not have available the 151.5 billion francs theoretically assigned to them by the military programming law for 1985. The shortfall is 1.3 billion current francs, that is, the equivalent of the cost of one nuclear attack submarine. The reduction has impacted mainly on capital credits, that is, it will be reflected by the staggering of the execution of some orders because it had become difficult to reduce operating credits, already deeply cut, any further.

The operating credits included for 1985 total 78.5 billion francs, which is the strict application of what the programming law anticipated.

In 1984, the minister of defense will continue in 1985 to cut the number of personnel: 1,200 civilian personnel (that is, 4,700 draftsmen and 1,000

active cadres) and 650 civilian personnel in the three branches of the armed forces and their services. The Gendarmerie alone is slated to receive 300 auxiliary gendarmes in addition to its present contingent to face the increase of its missions of operational defense of the territory. These personnel movements represent a saving of 336.4 billion francs, that is, the equivalent of eight Super Puma helicopters of the type sought by the rapid deployment force.

Benefiting the draftees, it is proposed to emphasize further the hierarchization of the pay of noncommissioned officers and other ranks so as to encourage draftees to assume responsibilities: The higher their rank, the more their pay will be increased, as is already evidenced by the fact that in July 1985 the daily pay of the warrant officer will be 40.50 francs (instead of 37.80 francs in September 1984) but the pay of the private second class will remain unchanged at 13.50 francs a day. Similarly, the drive for the recruitment of volunteers for long service, beyond 12 months, will be intensified in the hope of attracting up to 10 percent of the contingent's total number.

#### Drop in Purchasing Power

But it is in the equipment of the armed forces that austerity is most evident with an amount of payment credits totaling 71.7 billion francs (whereas the military programming law anticipated 73 billion francs for 1985) and program authorizations aggregating 85 billion francs, unchanged compared to the 1984 budget.

To go by the deputies of the opposition, this is undoubtedly the most disquieting initiative of the government since it threatens the purchasing power of the armed forces and their level of investment. For lack of being able to contain operating expenditures further, these parliamentarians note, the minister of defense has targeted orders of materiel necessary for the modernization of the forces. Supporting this thesis, they quote more especially the example of nuclear, strategic, and tactical armaments, for which payment credits have leveled off at 23,386 million francs (instead of 23,810 million anticipated by the programming law) and program authorizations, dropping by 4.28 percent compared to 1984 (that is, 27,737 million francs in 1985 compared to 28,976 million francs in 1984).

The Defense Ministry has rejected this interpretation, noting that equipment credits will increase by 7.66 percent in 1985 compared to those of 1984, that is, a rate of increase higher than the falling inflation rate which should be in the order of 5.7 to 5.8 percent according to projections of the Retail Gross Domestic Product. Furthermore, it is noted in Charles Hernu's circles that all the commitments of the program-law in the field of military equipment will be respected.

Thus, the French Air Force will be authorized to order 16 Mirage 2000 aircraft for low-level nuclear penetration and 12 Mirage 2000DA aircraft



for air defense. The Navy will place into operational service in April 1985 its first submarine christened the "Inflexible," which will carry 16 M4 missiles with multiple thermonuclear warheads. The Navy will also start in its yards the revamping, that is, modernization, of the first of its strategic submarines already in service. Similarly, it will be able to order its initial Atlantique-2 naval surveillance aircraft and will complete the nuclear boiler of its new aircraft carrier.

To evidence its resolve to safeguard the future, the Defense Ministry notes that longterm research credits will increase by 14.7 percent and that research and development credits will be up by 3.8 percent.

"In short," one of Defense Minister Hernu's advisers observed, "the French armed forces were anticipating Prime Minister Laurent Fabius by cutting the outlays and number of personnel, by favoring research and the modernization of equipment." What remains to be seen is whether, at the same time, this military budget bill will be able to "soften up" the opposition.

3662

OSD: 3519/84

## GOVERNMENT NOTE ON CIVIL DEFENSE MEASURES

Rotterdam NRC HANDELSBLAD in Dutch 10 Oct 84 p 2

[Article by Editor Els Flipsen: "Administrators Take Precedence in Shelters When Bomb Falls"]

[Text] The Hague, 10 Oct--The citizen who, in times of war or during other major disasters, wants to enter a public shelter facility, theoretically has a chance of one in 50 to do so. His chances of surviving the emergency situation, however, appear to be considerably smaller.

The older shelters often are dilapidated, the intended living space is one single square meter per three people, and the provisions in the areas of air, light, warmth, food and sanitation are scanty to non-existent.

That is why it is presumed, in the note on Civil Defense which (Domestic Affairs) Minister Rietkerk presented yesterday to the House of Representatives, that the better part of the population can find protection in their own home or, when applicable, at work.

In that respect, little has changed since the pamphlet Hints for the Protection of Your Family and Yourself, which the BB [Population Protection] distributed in the beginning of the 1960's. In that publication, the citizen was advised to retreat beneath the staircase or the desk with a small bagful of yellow peas.

Unlike Population Protection, Rietkerk's note does not presume that one's own house or even the professional shelters will be able to withstand nuclear arms. The ideas tend more towards protection against the consequences of a conventional war or of "limited" use of nuclear arms and chemical weapons.

That protection will mainly have to be provided by existing organizations can already be mobilized during disasters, such as the fire brigade and the GG & GD [Municipal Medical and Health Service], which will be expanded to this end. In this scenario, there will no longer be a place for the BB. After the discontinuation of this organization, which is being initiated, its tasks will be relegated to other organizations.

According to the Ministry of Domestic Affairs, the main goals of civil defense policy are combating disasters and rendering assistance, continuation

of the government, maintenance of social institutions, and support of the defense in the framework of NATO.

For urgent medical assistance, it may be useful to live in the vicinity of the new Academic Medical Center (AMC) in Amsterdam, which has a subterranean hospital unit said to be well equipped for the reception of 1300 patients and 700 staff members.

If nearby hospitals lie in ruins, the rest of the Netherlands could have some kind of hospital tents available: that is, if the outside air has not been too polluted by chemicals or radiation to do so.

As to the continuation of the government, the chances for this are fairly great, at least in theory. A number of ministries (including Domestic Affairs, Justice, Economic Affairs, the Provinces) and about half of the municipalities have emergency government posts available. In town halls, these often have been situated in the basements, where some desks and telephones have been put in among the filing cabinets.

In Amsterdam, an emergency post beneath the new town hall is being worked on, which unlike some old basements, will be able to hold up against falling rubble. According to a spokesman, what is concerned here is purely a work space, where meetings of approximately 30 people can take place and where communication is possible with the outside world. The plans do not make provision for a dormitory.

A point still under discussion in Amsterdam is the desirability of provisions against electromagnetic pulse (EMP) which can be the by-product of a nuclear explosion at a large distance. Electronic equipment can be damaged because of this.

Opponents of a provision against EMP derive their argument from a motion from 1981, in which the Amsterdam city council spoke out against provisions which would come in handy in a nuclear war. The approximate argument was: effective defense against a nuclear war is not possible; therefore, no measures should be taken which create such an illusion.

Others wonder whether the population perhaps still expects the city government to keep on working in times of disasters. Amsterdam will not build special shelters in any case, but, for instance, the parking garage beneath the Stoperia [the new city hall and opera building] can possibly be used for that goal in the future, but only if the municipality gets two weeks' time to supply food, blankets, etcetera.

Most large shelters, in large and small municipalities, are parking basements, tunnels and canals, and in Valkenburg, the war pits. To give the reader an idea: the shelter underneath the Plein in The Hague is big enough for 20,000 people.

In addition, there are many smaller shelters, such as the one in the basement of the city hall in Amsterdam, the one in the basement of the city hall in Rotterdam, and the one in the basement of the city hall in The Hague.

air filters, electricity generators, and the seats, which are also being used in peacetime. Furthermore, in Rotterdam, a series of indoor bicycles has been installed with which electricity can be generated by pedalling. Toilets and wash basins have also been provided.

Few dare to think out loud about the scenes which will occur at the entrance of the shelters during a catastrophe, but it is obvious that there will be pushing and shoving.

Some years ago, a lot of fuss was being made about the possibility of turning your own home into a refuge with the aid of a private shelter. Companies were looking forward to a prosperous market, but nothing is to be seen of that anymore. The costs which were mentioned--50,000 guilders and up--can be an objection, but even more important is probably the knowledge that the excavations will not elude the neighbors.

People could then get the idea--following the American example--to purchase a gun.

12568

CSO: 3614/22

## FORMER ADMIRAL WRITES BOOK PROMOTING STRONG ANTI-SUB DEFENSE

Oslo AFTENPOSTEN in Norwegian 3 Nov 84 p 3

[Article by Alf Seeland]

[Text] "Send our political leaders down in a Norwegian submarine and let a frigate hunt for them. Then they will realize that they do not need a polite warning that a submarine hunt is underway. They will find out that the submarine has every advantage in this game. For this reason, the captains of our ships must receive clear instructions on how to act in the seconds following the discovery of a submarine. The goal must be to sink it. The sub knows it is operating illegally in our waters and there is no power capable of forcing it to the surface. With my book, I want to support the navy and our young ship's captains who want to act in a cold-blooded and responsible manner, on the basis of clear instructions."

This was stated by former Rear Adm Nils Amund Owren, author of the sensational book *Senk Fandenskapet!* (Sink the Bastards!). He elaborated his views in a conversation with AFTENPOSTEN. He has received an avalanche of positive reactions to his recommendation, but our political leaders have been extremely reserved in their comments. "I do not usually curse, but if I had said 'boo' I would not have frightened my grandmother in Drammen. I was prompted to write this book out of love for our country and its freedom and in support of our navy."

"I am a 'peace agitator'," Owren continued. Even DAGBLADET can attest to this. When Owren left the military in 1978 on an early pension, which he took at his own initiative, he had a highly decorated career behind him. He is best known for his participation as battery chief on the Stord when it sank the German battleship *Scharnhorst* on the day after Christmas 1943 and for his part in the Invasion of Normandy. After the war, he rose rapidly through the ranks, was Royal Adjutant for a time, became staff officer at SHAPE (Supreme Headquarters Allied Powers in Europe) in Belgium, in 1972 he became the first Norwegian second in command of the navy at NATO's northern command and later, until he retired in 1978, he was the head of the naval supply corps.

"I gradually developed the need to write this book. Outside the military, I am more free to deal with the material," said Owren. He revealed that as early as 1972 he participated in an effort to make the political leadership list detailed

instructions on how to act in situations that have become more and more frequent. The most recent was 1 year ago in Hardangerfjorden. The initiative came from Kolsas and the answer was that this was a matter for the Norwegian political leadership. Little happened, according to Owren.

"How are the regulations that apply today? Do you believe they are satisfactory?"

"I see that undersecretary Oddmund Hammerstad of the Defense Ministry believes that the present regulations are sufficient, but political clearance is needed before a foreign submarine that has intruded in our waters may be attacked. In my opinion, such clearance would delay the operation. After contact is first made, it is usually a matter of seconds. Before political clearance is obtained the submarine will have disappeared from the fjord. I believe we should strike as soon as contact is made," Owren said.

When we asked whether discovering a submarine was sufficient warning and suggested that we could then force the submarine to the surface, Admiral Owren gave us a pitying look, as if we had just revealed our extreme naivete. "No foreign submarine comes deep into our fjords as a result of navigational error. It knows it is there illegally. It needs no polite warning. As soon as Norwegian radio communications begin, the alarm goes off in the sub. In Hardangerfjorden last year, we launched bundles of Terne rockets. These will never force a submarine to the surface. The only thing to do in such situations is to fire homing torpedoes--with the goal of sinking the submarine."

"Has that been done anywhere?"

"We have never heard officially of any case in which a Western country has intentionally attempted to sink foreign submarines in their territorial waters, but I believe it is likely that both the British and the Americans have undertaken such operations. No one hears of these events because the Warsaw Pact countries would never protest, simply because they would never admit they had been on illegal missions."

"The most obvious question raised by your recommendation is: What if a Norwegian homing torpedo hits a submarine carrying nuclear warheads?"

"I am a munitions expert and I can assure you that all ammunition, not just nuclear weapons, is on safety and may be triggered only after it is put into operation."

"But returning to the homing torpedoes," Owren continued, "we must realize that we are facing submarines that are entirely different from those used during World War II. Today's submarines have a much stronger hull and much higher explosives are required to damage it. A skillful Terne attack could cause some damage, but it has never been tried. Far more effective would be an attack with homing missiles which, if they do not sink the submarine, could force it to the surface," Owren said.

In his book, the former rear admiral stated the probable goal of foreign submarines that violate our waters: They want to test our preparedness and gain



detailed knowledge of Norwegian waters so that they can "hide" an entire fleet of submarines in our Norwegian fjords. In this way, our fjords could become bases for foreign submarines that, under given circumstances, could carry out coordinated attacks in the Atlantic. When violating territorial waters, the submarines sometimes are intentionally detected. This creates uncertainty among Norwegian authorities, who cannot know if it is a question of maneuvers or a genuine attack involving all the naval forces of Murmansk.

"Apart from 'sinking the bastards,' do you have any advice to our politicians?"

"They could start by going down in a Norwegian submarine and letting it play with Norwegian frigates under today's groundrules. Our politicians would then realize that the submarine has all the advantages in this game. This may be what is needed and, as I said, I have a stack of mail that, with two exceptions, clearly states: 'Those were the right words at the right time'," former Rear Adm Nils Amund Owren concluded.

9336

CSO: 3639/20

## A. AIR RAID SHELTERS FOUND LACKING LIGHT, VENTILATION

Aftenposten in Norwegian 24 Oct 84 p 19

[Article by Tove Diesen]

[Text] It may become necessary to improve the air raid shelters in this country. Many of them lack ventilation and light. The improvement will probably take place mainly as an employment measure. At any rate, a great many communities required to maintain shelters have replied to a questionnaire from the Directorate of Civil Preparedness, and a project estimate of a total of 46 million kroner has been made. In addition, there are a few projects without cost estimates.

"Most of the air raid shelters in this country are private. All in all, there are probably two million places in Norwegian air raid shelters, and only 100,000 of them are in public air raid shelters. About 120,000 of them are only built according to the first level of construction and have simply not been completed by today's standards," chief engineer Erik Flaten of the Directorate of Civil Preparedness said.

The amount of work to be done varies from community to community. But for the most part, it is a matter of completing the items in the second level of construction, among other things, the installation of air conditioning and ventilation, emergency electricity equipment, and fuel storage, fixed plumbing and plumbing equipment, and some communication equipment.

"When air raid shelters lack ventilation, it soon becomes too humid. Everything rusts. And when one has neither light nor ventilation, they can only be used for limited protection. Such shelters can give good protection against ordinary bombers and conventional weapons, but not against a gas attack or nuclear weapons. No one has gas masks, and the air in such a shelter is soon used up, so that one must open the door," Flaten said.

In connection with the suggestion to improve the air raid shelters as an employment measure, most of the communities have said that the work must be taken care of centrally. The Directorate of Civil Preparedness has selected this as one of its priorities, answering that there are no other funds for this kind of financing. But at the same time the department points to the fact that the



## FORCES' COMMAND REJECTS OF PAPER'S CHARGE ON FRENCH SUB

Oslo AFTENPOSTEN in Norwegian 5 Nov 84 p 26

[Article by Thorleif Andreassen: "No French Sub in Hardangerfjord"]

[Text] The defense high command rejects the newspaper FRIHETEN's claim that there was a French sub in the Hardangerfjord in 1970. "The sub's nationality was not identified, but it is not possible that it was French or a NATO ally. We know their movements in our local areas." This is what the chief of operations in the defense high command, Rear Admiral Sivert Farstad, said to AFTENPOSTEN.

The main organ of Norway's Communist Party claims that the sub was French, and that cover stories were spread that it was Russian. According to FRIHETEN, the Royal Norwegian Navy's ship "Sleipner" brought the foreign sub to the surface. The newspaper, which points to independent sources, writes that it was a French sub that was quietly and calmly escorted out of Norwegian waters.

The result of the French visit was, according to FRIHETEN, that the Norwegian crews were muzzled. A week later the story of the escape was leaked to VERDENSTANG. Unfortunately for the newspaper, it was a planted cover story, FRIHETEN claims.

QUESTION: Was there a flood of speculations concerning the sub episode in the Hardangerfjord, Rear Admiral Farstad?

Farstad: It was a Norwegian ferryboat that reported contact. Afterwards a search was initiated by the navy from 23 November to 2 December 1970, with a rather large participation of Norwegian ships. After a while the probability of a sub was reduced.

QUESTION: Was one of the speculations that the sub was escorted out of Norwegian waters and that it was Polish?

Farstad: The speculations did not arise in the navy. The sub was not seen. We could not determine the nationality.





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(Text) - our development possibilities for air and naval forces and our geographical position cause us to have serious Marmara sea. However, this sea also determines its great defensive importance for the Aegean, the Black, and Bosphorus. Significance increases in step with the strengthening of Soviet naval, air, and amphibious forces. It becomes more and more important for us to have a strong and well-considered security policy, and it must be a synthesis of what is politically desirable and militarily feasible. The political and the defense needs must together weigh the same as before. What Marmara gives and requires only in this field.

The starting, primarily through the Defense Committee, and the defense minister are the important political forces in defense matters. The defense commander-in-chief is the President or General Military Commander. The defense commander-in-chief is under the defense minister; important matters go on to the President, not always through the defense minister. An example of such an important matter is the subject of the defense military base for the year period 1966-67. In April 1966 the Defense Department presented the plan (Report No. 74); about a year later the defense committee of the Assembly dealt with the division "Committee No. 10", and the Minister of Defense submitted the final decision. The whole matter was finished, and little was said about it in the press or at political meetings.

Considerably Modified

In the Starting Report, the defense comments that the information in an appendix where it makes such a statement: "The difficulty of carrying out offensive operations against us in the air is growing..." "The rapid expansion in the use of intercepting air power, and the use of the air force, make it difficult to maintain a certain advantage... allied forces in Norway in the air..." "Compared with the economic spending projections of the Bureau of Statistics of 1970, the projected military deviation from the total budget development in the period 1970-71 is in line



order of magnitude of 2,200 million 1983 kroner..." "The accumulated investment need will therefore mean that the level of expectation must be reduced, even for high priority areas..." The defense commander concludes by saying: "...our level of defense has been considerably weakened." It is worth noticing that the defense commander's considerations are an appendix to the department's Storting report. Probably there has been contact between the department and the defense supreme commander during the preparation, but the military chief had to give his independent opinions as commentaries in the department's presentation. This binds the defense commander in an unfortunate way. He must follow the department's argumentation, and differing opinion can easily be interpreted as disloyalty. The professional military considerations should appear as an independent document.

#### No Contact

Lobbying is a despised practice, but it is an essential part of parliamentary procedure. In the military, spokesmen for the soldiers and the leaders in command organizations often have direct contact with Storting representatives and members of government. In other areas analogous things take place. One "has one's say" with the country's leading politicians. "It is unthinkable that the defense commander should make similar approaches. If he did that, he would be regarded as a political general, and the defense minister and his people would feel they had been bypassed. Our administrative practice is therefore such that the defense commander is cut off from the direct influence on the politicians that the rest of the country's citizens make use of."

#### Extremely Careful

How about the press and the mass media? The situation is the same. If the defense commander wants good working conditions, he must be extremely careful in speaking against the official policy. In other areas this is not true. It is not unusual for department heads and higher civil servants to express themselves openly against the policy being carried out. Possibly it is military discipline that makes defense people take a special position. In any case, the result is that the ordinary citizen, and possibly also Storting representatives -- have difficulty finding out what the military point of view is.

It is different in Sweden. This summer the commander-in-chief, or OB, sends "The Defense Force in Swedish Security Policy, OB's Perspective Plan, Part I" to the government. Here he gives his long-range views -- 15-20 years in the future. Next year Perspective Plan, Part II will come, and there the OB will be more down to earth. These OB plans are available to the public in appropriately small volumes in which the language and the presentation are completely intelligible to the layman. In the fall of 1986 the OB will present the final, concrete, cost-calculated main plan for the five-year period 1987-92. In this way Swedish defense planning has an almost five-year cycle.

The treatment in the Riksdag and the Storting is analogous, but the Swedes have an organ we do not have, namely a defense committee composed of the defense minister (this must not be confused with the Storting's Defense

Committee, which corresponds to the Riksdag's "forsvarsutskott." The defense committee consists of seven Riksdag men (Storting representatives), four representatives from the Defense Department, and four others who come from the Finance Department, the Foreign Office, and Defense as a whole. From the military side, the chief of staff and the chief of the planning staff of the defense staff appear. These two are, after the OB, the highest officers on the defense staff. In this forum there is a common group of political, strategic and economic factors that form the basis for Swedish security and defense policy.

Our politicians often do not care to deal with defense matters. These complicated questions therefore often lose priority to matters of more current, day-to-day interest, especially when the general political unity on defense matters weakens the need for party policy arguments. The Norwegian defense debate has also in recent years been a politically obligatory course of magic figures on how much the budget is to be increased, 3 or 3.5 percent. The realities of our security policy situation have been shoved into the background.

The Lesson of 9 April

On 9 April 1940 we received a grotesque example of how the politicians and the defense leaders misunderstood one another. A system similar to the Swedish one would give a greater area of contact and a greater understanding between politicians and the military, an understanding that we hope will contribute to making defense policy real for the ordinary citizen. For further stimulation of interest, we should have popular editions of the considerations of the defense chief -- no one voluntarily reads Storting documents.

In the end it is naturally the politicians who have the authority and the responsibility; no reasonable person wishes a military dictatorship. But in the meantime it is becoming continually more important for politicians, officers, civil servants and ordinary citizens to completely understand the military realities that form the basis for our security and defense policy.

3104

END: -650/22

## PARTIES HOLD CONFERENCE ON POSSIBLE TIES TO WEU

Oslo AFTENPOSTEN in Norwegian 5 Nov 84 p 5

[Article by Alf Seeland]

[Text] At present the political parties are awaiting developments in the WEU, but the statement from the Rome meeting recently makes it necessary for Norway to pay close attention to what is happening. It is now also time to get a Storting report on developments in Europe that would be a basis for our own European debate on the situation today and on future policy

This came from a panel debate in the Europe-Movement over the weekend in which parliamentary leaders and other prominent representatives of most of the parties in the Storting could comment on developments in WEU and on Norway's position.

The chairman of the Europe-Movement, Johan Jorgen Holst, said that in the communique from WEU's foreign ministers there is an invitation to other European NATO countries, and that an answer from Norway is necessary "A Norwegian reply would be able to play a role in the formation of the process the Rome meeting can be the starting point for," Holst said

This suggestion met with several reservations from the political parties. The leader of the Labor Party, Gro Harlem Brundtland, said she had a searching but relaxed attitude toward WEU. On the other hand, she quoted from the party's Europe-group position that "Norway must work to assure that all the West European NATO countries can take part on an equal basis in the further structure of this cooperation "

The Conservative Party's parliamentary leader, Jo Benkow, had to admit that he is more interested in NATO's future than in that of WEU. This prompted the Labor Party leader to say that there was more distance between the two parties than she had believed in their analyses. "Benkow indicates that there should be some antagonistic relationships between the European efforts within NATO and NATO itself," she said

The one who in fact had been on the spot at the Rome meeting as the Norwegian observer was the chairman of the Foreign Policy Committee, Jacob Aano (Christian People's Party). He strongly recommended following the development carefully and also showed himself to be the most positive on the details of the development.

Neither the Progressive Party leader, Carl I. Hagen, nor the chairman of the Liberal Party, Odd Einar Dørum, had much understanding of WEU.

But Dørum also said that he was open for the European dimension in our continuing foreign policy debate. All the prominent politicians agreed that it can be favorable to get a Storting report on the European development. The foreign policy debate gives little opportunity for these questions.

The Socialist Left Party had not replied to the Europe-Movement's invitation to participate, and the Center Party had to send in a rejection on short notice.

9124

CSO: 3639/22

## BRIEF

ELECTRONICS CONTRACT FROM DENMARK--Simrad Optronics, Inc., has entered into a contract with the Danish defense department for the delivery of laser distance measurers of the Simrad LP7 type. The contract is worth 17 million kroner. Simrad Optronics has previously entered into contracts for the delivery of distance measurers to Norway, Sweden, Great Britain, Italy, and Greece. Simrad Optronics has specialized in the production of advanced electro-optical equipment. [Text] [Oslo AFTENPOSTEN in Norwegian 24 Oct 84 p 44] 9124

## AIR FORCE LOSING INCREASING NUMBERS OF PILOTS, MECHANICS

Stockholm DAGENS NYHETER in Swedish 8 Nov 84 p 11

[Article by Caj Noren]

[Text] Lulea, 7 November--The dramatic expansion of domestic airlines threatens to clip the wings of the air force. SAS, Linjeflyg, and Swedair now need to employ about 75 new pilots. Now airplane mechanics at the Norrbotten base, F 21, have revealed the possibility of massive defections of mechanics to the airlines.

There are now about 380 pilots and 1,000 airplane mechanics in the Swedish air force. Since there are fewer pilots, a mass exodus from this group of workers is considered most serious. For this reason, SACO/SR-S (Swedish Confederation of Professional Employees-National and Local Civil Servants Union) and the state employment office (SAV) agreed last week to a pay increase of 1,800 kronor per month for about 50 pilots. But this is still far below salaries paid by the airlines.

For years the airlines have been free to recruit pilots and mechanics from the air force. This is a profitable deal for the airlines, since it costs about 10 million kronor to train a single pilot and 2 million kronor for a mechanic. During 1984, for example, 15 air force pilots were recruited by Swedish airlines. According to the air force staff, 95 percent of the pilots at SAS have gone this route!

## New Employees

Now SAS plans to hire 40 new pilots in Sweden, Linjeflyg is seeking 14 new pilots, and Swedair needs about 20 pilots for its "Norrland commuter." In addition, the airlines need a large number of mechanics.

According to mechanics at the F 21 air base in Lulea, about 15 of the approximately 100 "active" airplane mechanics at F 21 have gone to the airlines and even to computer companies this past year. Several more plan to "desert" in Lulea and the situation is even worse elsewhere.

"At F 7 in Satenas near Vanersborg, one half or 15 mechanics in one company will quit in December," said mechanic Lennart Holtrin, who is on the board of the

officers' professional association at F 21.

One of the most important reasons why pilots and mechanics leave the air force is that they earn much more with the airlines. But increased demands on the mechanics, who must help train troops and participate in maneuvers, have created strong dissatisfaction.

#### Safety

The mechanics claim they cannot handle additional tasks "on the side" while technical demands become greater and greater.

The mechanics who remain at F 21 are extremely concerned over what the mass exodus may mean in terms of safety.

"The burden of responsibility will become unbearable. We cannot handle additional losses. The work load will have to be reduced," said Lennart Holtrin and Nils Wedin at F 21. Wedin is service platoon leader and receives 8,000 kronor per month, which is 500 kronor above the average for airplane mechanics. According to F 21 chief Col Carl-Johan Rundberg, this is about the same salary as that received by an office cleaner.

The wage situation is so bad that one airplane mechanic at F 21 quit and took a civilian job at the base as an automobile mechanic and received a wage increase!

#### Wage Increase

The immediate demand of the mechanics is a wage increase of 2,000 kronor. Although they have little hope that their own association, ORF (National Association of Officers) can help increase their wages, they hope that the chief of the air force will now act, in view of the mass defections now threatening the Swedish air force.

Since 1977 the number of passengers on domestic Swedish flights has more than doubled. During the past year alone domestic air traffic has increased by 20 percent and this trend is continuing.

"But the airlines are not taking their social responsibility. They simply buy new planes and count on going to the air force, as usual, to recruit pilots and mechanics," the head of F 21, Col Carl-Johan Rundberg said bitterly.

9336

CSO: 3650/51



## JAS PRODUCTION GOALS SETBACK AS FUNDS BECOME CONCERN

Stockholm DAGENS NYHETER in Swedish 19 Oct 84 p 8

[Article by Sven Svensson: "JAS Delayed Several Months"]

[Text] The JAS project is several months behind schedule, and that delay must be recouped by industry at the earliest. This transpires from the secret-stamped JAS report submitted on Thursday by Supreme Commander Lennart Ljung to the government.

In the 1983 government decision the supreme commander was instructed to submit a report each year in October on how the aircraft project is developing. The idea is to check that the project is not getting out of hand and becoming too expensive.

On the whole, the JAS project is running smoothly, but the supreme commander expresses criticism on four points.

Last year the project was 3-4 months behind, due in part to the lack of technicians. The delay has continued, and the supreme commander states that this trend is unsatisfactory. Industry must implement forceful measures in order to reduce the delay without technical setbacks, in his opinion.

The goal is for the first JAS division to be included in the wartime organization in 1993. That means that the first test aircraft should be completed by 1987.

At the change of administrations in 1982 the financial framework for the JAS project was reduced from 25.7 million kronor to 24.9 billion, calculated at the 1981 monetary value. Whether for armament, the rate of delivery or the method of training pilots, the setback implies [sic].

The Air Force chief has presented four alternatives for cutting out 800 million, but the supreme commander does not consider he has enough material to make a decision. The studies will continue and the supreme commander expects to present a proposal for how to undertake the cutback next year.

The four-party agreement last spring, which yielded 600 million more for the defense, mean the construction of a new index, which will compensate the defense both for changes in foreign exchange rates and for inflation. The supreme commander is of the opinion that the JAS framework should be increased retroactively with regard to the new defense index.

11949

CSO: 3650/31

## BRIEFS

MILITARY DECENTRALIZING COMPUTER NETWORK--On Thursday the government made a decision for the defense to purchase between 150 and 200 new computers. These are to be part of the new decentralized computer structure, the so-called Struktur 90, for replacing as much as possible the more vulnerable central data systems within the Armed Forces. A consortium consisting of four Swedish companies have received the order. [Text] [Stockholm DAGENS NYHETER in Swedish 19 Oct 84 p 8] 11949

CSO: 3650/31

## SWEDEN'S DEVALUATION UNDERMINING INDUSTRIAL PACT WITH NORWAY

Stockholm DAGENS NYHETER in Swedish 22 Oct 84 p 11

[Commentary by Bjorn Lindahl: "Swedish-Norwegian Industry Agreement; Few Bright Spots in the Cooperation"]

[Text] Oslo, Oct--On Wednesday the Nordic finance ministers will meet in Stockholm, exactly 2 years after Kjell-Olof Feldt poured a bucketful of ice-cold water over Nordic cooperation with his drastic devaluation. Has the cooperation, in particular between Norway and Sweden where the expectations were the highest, any chance of becoming active again?

With regard to what has taken place since the two prime ministers, Thorbjorn Falldin and Gro Harlem Brundtland, signed the Swedish-Norwegian industrial and energy agreement in 1981, there are few bright spots.

Sweden and Norway finally reached agreement on the Tele-X communications satellite, and 1 year ago a contract was signed between the two nations.

"But when looking at the general cooperation agreement, it must undoubtedly be said that the result lies somewhere between almost something and absolutely nothing," says Jan Didriksen, former director of the Norwegian Industry Association and of the Swedish-Norwegian industry fund.

What has happened, for example, to those items in the agreement in which the governments promise to harmonize legislation concerning taxes, currency, stocks and the establishment of companies? What has happened to help create joint export efforts, coordinate public purchases and expand energy cooperation?

#### Need for Cooperation

When Olof Palme made an official visit to Norway in January 1983, Kare Willoch pointed out that Norway had become Sweden's largest trading partner. Since then, Norway has slipped to fourth place.

In other words, it does not look very encouraging. But when looking toward the future, there are nevertheless some things which indicate that the cooperation will grow livelier:

--In security policy, the Nordic countries have become more exposed. There is greater need, in particular for Sweden, to emphasize Nordic relations.

--There are simultaneous elections in Sweden and Norway next year. That happens only every 12 years. Three of the four potential outcomes are likely to facilitate cooperation. There could be the same party colors, but a Swedish non-socialist government has also proved to function better with a Norwegian Social Democratic one than the reverse.

#### Found Oil

--Both Sweden and Norway have decided to open up to foreign banks. Norway will ease its currency restrictions.

--Norway has found oil both on the Halten bank and the Tromsø flat. This will provide Western impulses to the northern portions of the country and create an extended perspective for the Norwegian oil production.

--Norway has, quietly, recovered a large part of the Swedish devaluation through "technical" changes in its currency. On 15 July 1982, before the Swedish devaluation, 100 Swedish Kronor were worth 103:75 Norwegian. On 15 October this year 100 Swedish Kronor were worth 102:26 Norwegian.

One explanation for the slowdown of the cooperation is that it has entered another level. The more general obstacles have been eliminated and trade between the two countries already amounts to 40 billion kronor annually, which may represent a world record per capita.

#### Two Myths

"There are two myths about Swedish-Norwegian cooperation. One is that there is a great deal of unused potential just lying there waiting. The other one is that there are a number of obstacles preventing this cooperation," says negotiation chief Sten Niklasson, an expert with the Swedish Ministry of Industry.

What remains are problems such as coordinating product requirements. These are not major issues, but they are numerous and can be quite tricky, since the bureaucracies of the different countries are fighting for their own rules.

It is, for instance, forbidden to sell margarine in Norway in anything but rectangular packages, an effective obstacle to standard Swedish packaging, particularly for Flora. In Sweden there is a law that trailers must be equipped with side lights--in Norway this is prohibited. Sweden is the only country in the world to have the four-hole system for its binders, etc.

At the Swedish and Norwegian Boards of Commerce work is presently underway to gather up all these obstacles to trade in order then to attack them. Also, certain branch organizations, such as the contractors, have voluntarily agreed to review the obstacles.

## Automatic

"Why not let all production approvals made in a Nordic country become automatically valid in the others? That much confidence we could have in one another anyway," says Sven Wallgren, managing director of Esselte and chairman of the Industry Association.

In the second wave of cooperation the expectations are also more realistic in nature. This was evident at a seminar recently in Oslo on Swedish-Norwegian cooperation, which brought together company leaders, politicians, trade union people and economists. The abovementioned persons participated as well.

A typical comment by a Norwegian trade union leader:

"We are prepared to really work in order to achieve better cooperation. But in that case all the fine words and empty phrases have to be cut away and we must concentrated on the cold facts."

## Mammoth Project

On the Swedish side, people have realized that the Norwegian oil activity is not going to contribute to the solution of the Swedish unemployment problem through mammoth projects such as a gas pipeline across all of Sweden. On the Norwegian side, one has realized that it is not enough to have a favorable exterior and a wallet fat with oil money in order to be a promising marriage object.

Perhaps the most common problem when a Swedish and a Norwegian company are going to cooperate is size. A Swedish company in the same industry may be three or four times larger and have industry-wide and marketing experience that goes back much further. Swedish companies are also accused of always equating cooperation with ownership. While there are 450 Swedish subsidiaries in Norway, there are only 130 Norwegian ones in Sweden.

"According to studies that have been made, Swedish firms own 40 percent of the Norwegian offshore industry. When that figure becomes 51 percent, there has to be a political reaction from the Norwegian side," warns Harald Synnes, undersecretary in the Norwegian Ministry of Trade.

Also, all cooperation is not equally welcome. When Electrolux buys into four factories in Norway and coordinates production to two units, they are probably accelerating a structural rationalization that would arrive nonetheless, but this does not make it easy for the union to speak of Swedish-Norwegian cooperation in glowing terms.

Instead, the cooperation between Pharmacia and the Norwegian pharmaceutical company Nyco are brought forward as a good example.

In this instance the companies have agreed to share the costs of research and development in certain areas. The patents which are acquired are jointly

owned and the firms give each other a five-percent royalty on each other's sales.

"Our cooperation with Pharmacia has had the result that we can share risks, obtain more knowledge and achieve results more rapidly than previously," says Ulf Blix, managing director of Nyco.

#### Goes West

There are also signs that the one-way movement which earlier dominated the purchases of Nordic companies is being met by traffic going the other way. Previously, Finnish companies bought stocks in firms primarily in Sweden. Swedish companies, in turn, went west to Norway.

That Norwegian industry is able to help develop a Swedish one is shown by Norsk Hydro. Since it purchased 75 percent of Supra, its synthetic fertilizer export has doubled. In addition, Hydro has bought Kema-Nobel's production of PVC in Stenungssund, and with its own and two British purchases it has climbed into the big league in that field in Europe.

The most recent Hydro purchase is Mobil's Swedish gas stations. It is no secret that Statoil as well wants to enter the Swedish market. Norwegian companies could own 25-30 percent of the market in a few years.

#### Oil Fund

A merger of Norwegian enterprises, which are often state-owned, into larger units is also underway. Norsk Jernverk has taken over all steel production, and the government has proposed that ASV and Hydro should merge their aluminum production. There are also Norwegian firms in the computer, electronics and engineering industries which are beginning to get ripe for buying into Swedish companies.

In Norway the Labor Party has proposed in its campaign program that a special oil fund should be established, from which Norwegian firms could borrow money in order to purchase stock in Swedish companies.

"Let us stop talking about a new [political] union. Let us instead begin to talk about a Swedish-Norwegian Benelux, which could become the impetus for more important Nordic cooperation," Jan Didriksen says.

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## SUCSESSES CLAIMED FOR PRIVATIZATION OF FEDERAL ENTERPRISES

## Stoltenberg Sets Privatization Goals

Duesseldorf HANDELSBLATT in German 9 Oct 84 p 1

/Text/ In the new orientation of the federal partnership policy more has been done and achieved than has been made known to the public. Minister of Finance Gerhard Stoltenberg stated this at the annual conference of enterprises with federal participation.

Stoltenberg pointed out that the first goal of this new orientation was to put an end to the expansion in the indirect partnership sector which could be observed in the 1970's. He was able to ascertain that in the past year federal enterprises exercised restraint in partnership acquisitions and that partnership ownership had been thinned of constituents which were not essential to the conglomerates. The number of partnership acquisitions had declined substantially.

The minister of finance stressed that insofar as restraint had not otherwise been exercised by the conglomerates, there had been efforts at many a board of directors meeting to work toward the required restraint. In so doing this basic attitude did not exclude partnership acquisitions in special individual cases which form an entrepreneurial point of view were urgently justified. Tightening and reorganization of the existing partnership sector in the enterprises themselves had also progressed.

The second goal of the federal partnership policy was to prevent the development of new budget risks in enterprises that operated at a loss. Since the 1970's a trend toward increasing strain on the federal budget from federal enterprise ownership had emerged. Stoltenberg estimated the outlays for partnership enterprises by the Federal Government and its special holdings at a total of DM6.6 billion in the period 1970 to 1982. In the same period only about DM2.4 billion had come back in the form of dividends and profit distributions. Thus, the budgets of the Federal Government and its special holdings had spent DM4.2 billion more per account for the partnerships than they had taken in.

In order to get control of this "not insignificant budgetary strain" the minister demanded consistent improvements in results from the heads of the enterprises. To the extent losses had accumulated these had to be reduced. The minister said

that a further improvement in results of enterprises which had been profitable thus far could likewise contribute via higher payouts to relieving the Federal Government.

Stoltenberg announced that this year he would present the cabinet with the results of the review by his office as to whether a "real federal interest" is present in all federal partnerships. Without naming individual enterprises he stated that there are a number of possibilities for selling share rights to private individuals without impairing state interests. This is also logical in order to bolster the capital markets.

#### Strauss Resists Lufthansa Reorganization

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 11 Oct 84 p 13

/Text/ Minister of Finance Stoltenberg appears firmly determined to hold fast to the partial privatization of German Lufthansa in spite of the resistance by Franz Josef Strauss. In Bonn they are saying that in November Stoltenberg will present the Cabinet with a design for privatization which will extend until the end of the legislative session. In line with the current level of discussions, this design will contain, in addition to general principles concerning the future partnership policy, a "project list" with an even dozen federal partnerships which can be privatized. According to reliable sources the list also mentions as ready for privatization the United Industrial Enterprises AG (Viag), Berlin and Bonn, which is completely owned by the Federal Government. This conglomerate includes important power producers such as the Bavarian Works in Munich, gas producers such as Thyssen Gas in Duisburg and the United Aluminum Works in Berlin and Bonn.

Because Bavarian Minister President Strauss and Heinz Ruhnau, Lufthansa board chairman, are clearly resisting the reduction of the federal share which is currently about 79 percent of Lufthansa, Stoltenberg is preparing especially carefully for the decision in the Cabinet. In this the minister is seeking the backing of the chancellor. All objections which have been expressed to date against reducing the federal share in Lufthansa to 51 percent do not appear to have convinced Stoltenberg. This is true of the argument that the sale of Airbus aircraft on a long-term basis will make it unavoidable for the Federal Government to have a two-thirds majority in Lufthansa (Strauss), and of the fear that a sale of Lufthansa shares will open the door to foreign interests (Ruhnau).

Stoltenberg on the other hand appears to be looking more at the thrust of the investment of the enterprise which will fall due in the 1990's: Since the Federal Government as the majority stockholder will have no money for years to come it is easier for the enterprise to refinance itself in the open stock market. Among other things the fact that the shares will be sold only with limited voting rights should prevent the danger of control by foreign capital; moreover, the bank consortium will be committed to broad dispersion--just as in the case of the partial privatization in 1983 of Veba /United Electricity and Mining Corporation/.

The privatization design also includes reducing indirect partnerships by the Federal Government and its special holdings--post office and railroad--, and also the reorganization and consolidation of Federal enterprises with "adjustment problems." These include primarily the Salzgitter steel conglomerate and the Saar mines. Stoltenberg has demanded reorganization plans from both companies. In the case of Salzgitter it is not only a question of paying off "old mortgages" in steel manufacturing, but also of the overdue structural adaptation in the case of the Salzgitter subsidiary Howaldt Works--German Shipyard in Hamburg and Kiel. The Federal Government has made it clear to the boards of Salzgitter and Saar mines that it can no longer carry the losses. With Salzgitter the losses seem to have been increased because of payments to staff workers which were above average, settlements and pensions.

The fact that in their partnership policy the federal enterprises have clearly been holding back for a year in the case of third companies is explained by Stoltenberg as a first visible success. The boards are forced to check more carefully than previously whether the acquisition of a partnership is absolutely necessary or not for the conglomerate structure. In more than 20 cases federal enterprises have in the meantime again disposed of partnerships. Proposals for new partnerships for which generally the agreement of the Federal Government must be secured have declined "almost to zero." In this connection the intention on the part of Lufthansa to be a partner in the Kempinski hotel conglomerate is being commented on with definite restraint.

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## BRIEFS

DECLINING POPULATION IN NORTH--There was a sharp reduction in the population of North Norway in the third quarter of this year, compared to the same period last year, according to a preliminary report from the Central Bureau of Statistics. The third-quarter reduction last year in North Norway was 500 people, while the decline this year was 1,600 inhabitants. Troms, which previously had the most positive trend of these counties, lost 700 inhabitants according to the third-quarter figures. There were 400 more births than deaths, approximately the same figure as for the third quarter of last year, so that the increased population reduction resulted from a net movement out of the region. [Text] [Oslo AFTENPOSTEN in Norwegian 14 Nov 84 p 5] 9336

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## FELDT YIELDS TO UNIONS, PROMISES HIGHER REAL WAGES

After Consultations with LO

Stockholm DAGENS NYHETER in Swedish 8 Nov 84 p 8

[Article by Sven Svensson]

[Text] The government promised there would be higher real wages in the election year of 1985. This appeared from speeches made by Prime Minister Olof Palme and Finance Minister Kjell-Olof Feldt on Wednesday.

The speeches were made after consultations with the LO [Swedish Federation of Trade Unions] leadership on Wednesday evening.

It has not yet been decided what steps the government will take if prices shoot up too quickly in 1985 and threaten the real wage hikes. The government wants to see the results of the wage negotiations first.

To begin with the government is hoping it will be possible to lower interest rates, which would have a significant effect on the consumer price index. Another alternative is a small reduction of the value-added tax in 1985 for a limited period of time.

## Taxes

But it is less likely that the government will choose to lower direct taxes further in 1985. In the first place it would be expensive and in the second place people with high incomes would get larger tax reductions in terms of kronor than low-income groups would.

Another argument against changing the tax tables is that it could be tactically inexpedient before the 1985 election.

The government has already made several changes in the tax settlement with the middle parties. Further adjustments could become a hot debate issue in the campaign and might have an unfavorable effect for the government.

Another possibility is to increase various standard deductions in direct taxes. The drawback is that such changes do not have a direct effect on the

consumer price index. And the change would not have much effect for several years until the final tax bill has to be paid.

The government feels that with the present economic policy it should be possible to achieve the inflation goal of 3 percent, which means that overall wage increases can amount to 5 percent in 1985.

If this does not work out the government and LO have a mutual interest in the election year in acting in such a way that ordinary wage-earner groups get higher real wages anyway.

#### Dissatisfaction

The government will not decide when these steps should be taken and what they would look like until a considerably later stage. The government is hoping that no new steps will be needed.

It is the government proposal to sharply increase item taxes on gasoline and electricity as well as on tobacco, alcohol and wine that lies behind LO's dissatisfaction. LO feels that the item tax increases will raise the consumer price index by 1 percent and that this represents a threat to the promise of higher real wages in 1985.

Olof Palme took up the tax question in a speech in Goteborg and emphasized that the proposed item tax increases would counteract a weakening in foreign trade and restrain the budget deficit.

Since 1976 wages have risen 95 percent in terms of kronor and oren, he continued, but in the same period real wages have declined 10 percent. This means we have lost more than a month's wages in terms of purchasing power.

#### Vicious Spiral

The vicious spiral must be broken, for in a race between prices and wages, wages always draw the shortest straw.

It is the government's view that if the real wage development can occur within the 5-percent limit and if our external balance is not weakened significantly, workers could have a real wage increase in 1985. If these conditions are met and that is still not the case, the government will take steps to make a real wage increase possible, Palme said.

#### Feldt Exhorts Employers

Finance Minister Kjell-Olof Feldt said about the same thing at the seventh Dala Forum in Falun. If we do not achieve the 1985 goal of 3-percent inflation and a maximum of 5-percent total wage increases, the government must take steps to insure real wage increases in 1985, Feldt said.

Feldt exhorted employers to take the chance that there will be a quick wage contract settlement at a low level. He also said, according to the TT news agency, that the business sector can behave conscientiously with regard to national developments and restrain the temptation to raise prices.

#### LO Economists: Control Prices

Stockholm DAGENS NYHETER in Swedish 9 Nov 84 p 10

[Article by Jan Magnus Fahlstrom]

[Text] It would be best for both wage earners and the economy as a whole if wage costs in 1985 do not rise by more than 5 percent. But to make this possible the government must "promise to take steps that will lower prices" as a means of putting pressure on the contract talks.

That is the message in the report on economic policy and the outlook for 1985 that LO economists presented Thursday.

The LO economists were very critical of the government's austerity package. The item tax increases included in the package will raise prices toward the end of 1984. Prices will rise an average of 5.3 percent a year even if price increases in 1985 adhere to the government's inflation target of 3 percent.

With a wage increase of 5 percent, the average LO member would have a real wage decline of 0.3 percent before taxes. Real wages after taxes would be unchanged from 1984. But the promised and eagerly awaited increase in real wages would not become a reality in 1985 either.

The LO economists consider it unlikely that at least the LO groups that are backed up by market forces will be satisfied with wage increases of 5 percent under these circumstances:

"Although we do not want this, we fear that wage increases in 1985 will lie around 7 percent unless further steps are taken."

It can then be estimated that inflation will be 1.5 percent higher than the goal of 3 percent, or a total of 4.5 percent. That corresponds to average price increases of 6.3 percent from 1984 to 1985.

According to the LO economists such high wage and price increases would lead to a very unfortunate development.

In 1983, the first whole year after the latest devaluation, Sweden retained the cost advantage with respect to the rest of the world that the 1981 and 1982 devaluations had provided. In 1984 wages rose considerably more in Sweden than in competing countries. But the damage will be limited by a sharp increase in Swedish productivity, production per hour of labor.



If wage increases in 1985 are held to 5 percent, we can regain some of the competitiveness we lost this year. But with wage increases of 7 percent the gap would widen. However the really serious effects of this would not be felt until future years in the form of rising unemployment and deficits in the balance of trade.

That is why 1985 is so vital, in the opinion of the LO economists. So far devaluation and its subsequent effects have succeeded beyond all expectations. It is now that these gains can either be consolidated or reversed:

"The wagon has actually both been halted and rolled up to the top of the hill. What is decisive now is whether the road on the other side of the hill consists of a reasonably broad and safe route ahead or whether there is a steep descent on that side too.

"This means," they continued, "that the predominant economic policy problem for 1985 is to moderate price and cost developments. It is in this context that the government's austerity and price-increasing package must be analyzed."

The result of the analysis made in the report is that the government is just making trouble for itself. Through its price- and wage-increasing effects the package counteracts its own stabilization program.

The LO economists regard the austerity package as a fact and do not advise withdrawing or modifying it. Their proposal is that the situation should be remedied by a promise of "direct price-reducing measures" that would go into effect if wage increases are low.

With a promise to implement such a measure "if the agreements turn out right" the government would have a means of putting pressure on the contract talks--and positive pressure at that: a price reduction that would guarantee improved real wages in exchange for keeping the wage increases within the 5 percent framework.

The LO economists declined to specify what measures they had in mind at the press conference on Thursday. They said it was up to the government to decide that. But it was obvious that a reduction in the value-added tax was one of the possibilities.

#### Five Percent Target

Stockholm DAGENS NYHETER in Swedish 9 Nov 84 p 10

[Text] On Wednesday one of the most difficult obstacles to the 1985 contract talks was cleared:

According to TT, LO said that negotiations can continue within the agreed 5 percent framework in spite of the controversial government savings package.

## Meeting with Union Locals

Stockholm DAGENS NYHETER in Swedish 10 Nov 84 p 12

[Article by Gert Tryman]

[Text] Only 26 of the 100 LO club chairmen invited by Kjell-Olof Feldt to discuss the government's savings package came to the meeting in Stockholm on Friday.

But the finance minister was satisfied anyway and many of the union representatives said they had gained a greater understanding of the government's proposed measures.

The big issue of a higher gasoline tax was not the heated topic of discussion that had been anticipated. Perhaps that was because many of those who stayed away were the ones from isolated rural areas.

### Positive

One of the participants was Ingmar Anderson, chairman of Local 40 of the Construction Workers' Union in Stockholm.

"If a higher gasoline tax can create more jobs, I feel positive about it. That was how I felt when I came here and I have not changed my mind.

"It is wrong to discuss the gasoline tax question out of context. The most important thing is the goal, the economic measures they want to implement," said Ingmar Anderson.

Kjell-Olof Feldt said he was very satisfied with the meeting.

"It was unfortunate that more people could not come, but I learned a great deal myself and most of them seemed to think this is something that should be done more often."

The meeting between Feldt and the union representatives was not open to the press. But according to the finance minister and some of the participants two issues were discussed thoroughly.

### Two Issues

"One issue," Feldt said after the meeting, "was whether we are pursuing a correct distribution policy and the participants had several suggestions and ideas that are worth considering."

But the finance minister would not discuss these ideas in more detail.

"The second was the basic question of whether we can unite a policy leading to full employment with one that also gives the workers something.

"It is clear to me that there is great dissatisfaction among employees of profitable concerns. They want a real share of those profits soon."

Feldt could not give any guarantee that there would be real wage increases.

#### Not a Revival

"No government can do that," he said. "We still think it is possible to achieve this through the agreements that are reached by the labor market factions, namely a wage development that is kept within the 5 percent limit. But if this does not work out we will have to take new steps."

"I would like to point out that this was not a revival meeting designed to convert sinners. But I think many understood that the government has to raise money, primarily to take care of employment," said Kjell-Olof Feldt.

#### Labor Dispute Still Possible

Stockholm DAGENS NYHETER in Swedish 10 Nov 84 p 12

[Commentary by Jan Magnus Fahlstrom]

[Text] One is tempted to say "Finally!" to the LO economists' proposal that the government offer a "price-lowering measure" as a reward if 1985 wage increases are kept within the 5 percent framework.

It is true that there are some questions about how the idea can be put into practice. But in principle it is correct and interesting.

It is usually said that the government should not intervene in the contract negotiations. That would be an intrusion on the freedom of the labor market and it would free the parties from their "responsibility for the economy."

Openly questioning these dogmas is often regarded as comparable to swearing in church. But in reality it is hard to believe that anyone takes them seriously any more.

In the first place, the government itself is a large part of the labor market as the employer of state employees and it is also deeply involved in negotiations pertaining to the rest of the public sector.

In view of how it behaved in this respect in the spring, it certainly deserves a low mark as an employer. But that does not change the facts.

In the second place the government is responsible for economic policy and thus it has the ultimate responsibility for the national economy. No fancy words about the organizations' responsibility for the national economy can conceal for long the fact that it is other factors that determine the outcome of the test of strength involved in contract negotiations.

The emptiness of these phrases was highlighted by what the chairman of the Municipal Civil Servants' Cartel, Sture Nordh, said with engaging frankness a few weeks ago: "Of course we are aware of our responsibility to society. But responsibility to our members is more important!"

Wage developments are one of the most important factors determining how things go with the national economy as a whole. When the government sets a goal and draws up guidelines for its economic policy, it must have a goal for wages.

There is no guarantee that the test of strength on the labor market will automatically lead to a goal that matches the one set by the government. So the government must have an opportunity to apply pressure.

To put it in a somewhat simplified form, a finance minister must be able to say:

"I will not intervene in the negotiations themselves with regard to how you divide up the wage pie. But with the policy we intend to pursue, the goals we have set and parliament has approved, the total framework for wage increases will be 'x' percent. If you go above this limit you have only yourselves to blame. I will tax back every single ore."

That is the stick. If the finance minister can use a carrot instead, things are much more pleasant. That is the kind of carrot the LO economists are now recommending. Or as they call it "a positive way of applying pressure."

If wage increases are kept within the 5 percent framework the reward will come in the form of a price-reducing measure that protects real wages.

The austerity package seemed more like a somewhat dubious attempt to use a stick.

To quote LO economist Claes-Erik Odhner, the government believed more in the Market Institute's forecast of wage developments than in the wage earners' promise to show restraint and meted out the punishment before the crime (excessive wage increases) had been committed.

But there are reports that the package with its item tax increases that would curtail buying power could at some point be scheduled for a transformation from stick to carrot.

For technical reasons it must be presented to parliament at the end of October. But according to this interpretation the government would not be averse to the idea of withdrawing it as a reward to the organizations for showing moderation.

Now things have started to move. The government has clearly indicated that the tax increases will be carried out and LO has sullenly accepted this.

Not only the L0 economists but also economists working for the Industrial League and the banks have rejected the forecast of the rise in private consumption in 1985 that led the government to go into action. If they are right, the government will look silly. But it will have to play the cards it has laid out.

This is the situation in which the L0 economists are waving their carrot, the guarantee of higher real wages through price reductions and low wage hikes. The government had already promised some kind of real wage guarantee the day before. Were the L0 economists borrowing the idea from someone else?

6578

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## NEW ROUTE PROPOSED FOR GASLINE FROM NORTH NORWAY THROUGH SWEDEN

Stockholm DAGENS NYHETER in Swedish 22 Oct 84 p 11

[Text] The Norwegian state oil company Statoil has come up with a new idea for transporting natural gas from the northern North Sea by the Norwegian mainland to Sweden.

A suitable way will be to bring in the gas over the Swedish west coast. On the other hand, both Norway and Sweden have agreed to shelve the large gas pipeline project from northern Norway through all of Sweden.

"In meetings with representatives from Statoil's shipping division we received proposals for initiating talks about receiving Norwegian gas in Sweden. It concerns gas from the northern part of the North Sea, i.e. south of the 62d parallel," chief engineer Tord Lindbo says to TT [Tidningarnas Telegrambyrå].

"We are to meet again in the fall in order to work out a project study. No concrete decisions have been made as yet. But all indications are that this will involve studying a gas pipeline via the west coast," Tord Lindbo says.

The Norwegian initiative comes at the same time as the Waterfall Agency's project for a natural gasline from northern Norway through all of Sweden to the continent is to be mothballed. The reason, according to what TT has learned, is that Statoil primarily wants to find buyers in Europe for the cheaper gas from the North Sea.

The projected pipeline from northern Norway will get its gas from the Tromsø flat. Statoil has made several promising discoveries there this year. But a few more test drillings are still needed in order to get an accurate idea of how much gas there really is.

Aside from the fact that the pipeline from the Tromsø flat through Sweden would be tremendously expensive, it is highly uncertain whether there would have been any buyers for this expensive gas in Europe.

This is why Statoil has taken an initiative to lead gas through Sweden from the North Sea by means of a considerably more limited pipeline. No direction has been proposed yet.

11949

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## IMPLICATIONS OF STATOIL'S TAKEOVER OF STATFJORD FIELD

Oslo AFTENPOSTEN in Norwegian 17 Nov 84 p 11

[Article by Flemming Dahl]

[Text] The nearly 1,700 employees of Mobil Exploration Norway face an uncertain job situation after the government's decision to transfer responsibility for operating the Statfjord Field from Mobil to Statoil. The question is whether or not the company will receive enough major new assignments on the Norwegian continental shelf in the foreseeable future to keep its staff more or less intact.

Another question is whether or not key employees will remain with the company and wait for new, interesting challenges or leave the company as soon as possible and seek employment elsewhere. If too many key people disappear too soon, it could become difficult for Mobil to accept new jobs and the company would be caught in a vicious circle.

The company's acting press spokesman, Gunnar Braten, told AFTENPOSTEN that Mobil was prepared to work toward as painless a takeover as possible between 1 January 1987 and 1 January 1989. The government has approved this timetable and parliament will now take a position. He pointed out that Mobil would retain its considerable holdings in the field and that, as a result, it was also in the interest of Mobil to maintain steady production and, thus, income.

#### Concern

According to many observers, the worst possible situation would be for the Mobil staff to lose significant numbers of employees during the transition period. "We are concerned because it could become difficult for us to maintain an effective organization. We will do everything possible to counteract the effects of any possible losses," Gunnar Braten said.

He stated that Mobil wanted a future in Norway with something more than considerable holdings in Statfjord. According to Braten, the authorities have given Mobil no concrete promises of compensation for the loss of operator's status in Statfjord. "But we hope that the work we have done in Statfjord will be taken into account by the authorities in future rounds of concessions," he said.



## Problem

Strong political forces are now at work to give Mobil compensation in the form of other tasks, so that Norway can continue to utilize the technological and financial capacity of the company. But they believe it could be a problem if Mobil is given other assignments in such a way that other foreign companies feel they have been treated unfairly. The other companies will be able to point out that Mobil approved the original plan to give Statoil the option of assuming responsibility for operating the field.

Statoil's information chief Willy Olsen told AFTENPOSTEN that the company was willing to work toward taking responsibility for operating the field as soon as possible. "Other than that, I have no comment at present on what has happened," he said.

Information secretary Egil Helle of the Oil and Energy Ministry said that the ministry would lead the negotiations between Mobil and Statoil that will take place in the near future and will deal with the transition. Helle expects parliament to take a position on the government's recommendations in early December. He believes that negotiations between the companies will begin immediately thereafter. "We believe that both companies will work in good faith toward an early settlement," he said.

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## STATOIL WEIGHING VENTURES IN UNITED STATES, CANADA

Oslo AFTENPOSTEN in Norwegian 13 Nov 84 p 17

[Article by Morten Woldsdal]

[Text] Statoil is considering the possibility of participating in oil activities in the United States, and Canada--in addition to possible future activities in Denmark, Great Britain, China, Tanzania, and other developing countries.

At present, the company's foreign involvement is limited to the Netherlands. The approved restructuring of Statoil will permit the company to be more actively involved off shore in other countries in the future.

"Statoil intends to expand its involvement abroad by attempting to work as an operator on the Danish continental shelf after the next round of concessions," according to a resolution recently approved by the company.

The resolution also indicates that the company is considering participating in the ninth round of concessions on the British shelf and may seek drilling rights and operator's status on the Chinese continental shelf.

The Statoil board also stated in the resolution that the company was considering involvement in the United States and Canada, as well as in Tanzania and other developing countries.

The director of information at Statoil, Per Kotte, told AFTENPOSTEN that the board had no concrete plans with regard to the United States and Canada. "We will not invest in any activities in these countries before we have a project based on an economic foundation," he said.

Kotte added that these countries were under consideration, even though the company had not evaluated any special projects in the United States and Canada.

"These considerations are part of the overall effort to prepare ourselves for more extensive activities abroad," Per Kotte of Statoil said.

A parliamentary report on Statoil's activities in 1985 indicates that the Oil and Energy Ministry supports the involvement abroad now being considered by Statoil. The ministry assumes, however, that proposals will be presented to the minister in good time before any contract is signed.

## INDUSTRY WORRIED POWER NEEDS MAY NOT BE MET IN FUTURE

Oslo AFTENPOSTEN in Norwegian 16 Nov 84 p 31

[Article by Kjell Aaserud]

[Text] Norwegian industry is deeply concerned. A dry year or two and some cold winters would result in power outages and rationing. Electricity is abundant now because we have had year after year of heavy precipitation and industry has operated at reduced capacity because of the difficult economic situation. "If we simply look at planned expansion, we can foresee a deficit of 8 or 9 billion kWh in 1990. New projects must be approved."

This was stated to the government by the Federation of Norwegian Industries, the National Association for the Electrochemical and Electrometallurgical Industries, and the Paper Industry Association (representing power consumers) and by the National Association of Mechanical Engineering Workshops and the National Association of Contractors (representing producers of power equipment).

"Our problem is convincing people that there will be a power shortage as soon as we have a dry year," said director Arne Festervoll, who represented the electrochemical and electrometallurgical industries at a press conference Thursday. "The situation is so serious that practically all the companies I represent are being hindered in their development by the power shortage. The industry is willing to pay whatever it costs to get power to the consumer."

Serious Imbalance!

"All indications are that the demand for power is greater than the availability," said administrative director Knut Lofstad of the Federation of Norwegian Industries. "Consumption is now 3 or 4 billion kWh above the predicted level and expansion is 6 or 7 billion kWh behind."

The power shortage will hinder industrial conversion and growth, which require reliable availability and steady prices. "We ask that these matters be given high priority," said Lofstad, who added that in 1980 the industry met 55 percent of its energy needs in the form of electric power, compared to 47 percent in 1976.

The electrochemical and electrometallurgical companies represent 10 percent of

industrial employment in Norway, 15 percent of the value of industrial production, 30 percent of all exports other than oil, gas, and used ships, and 30 percent of electricity consumption. While consumption in power-intensive industries this year will be about 30 billion kWh, requirements in 1990 will be 37 billion kWh. "There will be a furious tug of war for electric power," Arne Festervoll said.

#### Political Delays

Administrative director Arild Holland of the Central Association of the Paper Industry said that many years with abundant water had led to what he called political delays. One dry year or two will immediately lead to a painful crisis in power production. The wood processing industry may now also be called a power-intensive industry. Because of restructuring, the wood processing industry must now concentrate on products of national priority. This means greater consumption of electricity, but lower consumption of wood, which is in short supply. A new structural phase will demand even more electricity. In addition, further processing of cellulose and mechanical pulp into paper will require energy.

The combined expansion of power production has been reduced from about 3 billion kWh in the early eighties to 1.2 billion kWh this year. Employment by private contractors in the expansion of energy production has dropped from 3,200 man-years to 1,300 man years.

"We know that expansion in the field of energy production must increase during the latter part of this decade," said administrative director Jacob Skau-Jacobsen of the National Association of Contractors. "At that time we will lack both capacity and expertise, whether we are talking about the man working on the line or the top designer. It will cost money to rebuild our capacity." Kjell Gammelsaeter, who represented the equipment manufacturers, spoke along these same lines.

The appeal to the government was not lacking in recommendations. Some projects mentioned could begin almost immediately. The process of granting concessions must be streamlined and financial problems solved, according to the appeal. Power production requires large amounts of capital, but long-term profitability is high. In this connection, it was proposed that a committee be appointed to study problems involved in financing. The representatives also concluded that special forms of financing must be found that are adapted to the specific economic features of power production. Ownership rights and regulations for concessions are also bottlenecks where the situation must be improved.

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## GOVERNMENT MAY RECOMMEND INTERNATIONAL UNIT FOR STATOIL

Oslo AFTENPOSTEN in Norwegian 13 Nov 84 p 17

[Article by Morten Woldsdal]

[Text] No Statoil International will be established at this time to organize the company's future activities abroad, but the government would like to see such a company established if Statoil's activities abroad become extensive.

In a report to parliament on the state's involvement in petroleum activities next year, the government shelved the idea of a Statoil International. In addition, the authorities no longer want the three Norwegian oil companies--Statoil, Norsk Hydro, and Saga Petroleum--to coordinate their activities abroad.

The possibility of such coordination was presented to the three oil companies. Because of the responses from the companies--only Saga was more or less positive toward the idea--the authorities found no reason to continue working with the idea.

"The companies seem to be interested in cooperation when the conditions are right. The Oil and Energy Ministry sees no reason to call for additional cooperation," the report to parliament stated.

In connection with the restructuring of Statoil, the government supported the idea of a Statoil International to take care of the company's activities abroad. Because of opposition from some members of the Energy and Industry Committee in parliament, however, the government decided to reevaluate its position.

Now the Oil and Energy Ministry has presented the results of its reevaluation. In the report to parliament, the government concluded that there was no need at present for a subsidiary company to handle Statoil's international activities. This is in line with the position of the Statoil board on this question.

"At present, Statoil activities abroad are not of a magnitude that would justify the establishment of a subsidiary in Norway. The government has found that, if Statoil begins extensive exploration and recovery activities in several countries, then a subsidiary in Norway should be established."

"It should be up to the responsible authorities, however, to decide at any time that Statoil's activities abroad are sufficiently extensive to necessitate the establishment of a subsidiary company," the report to parliament stated.

## GOVERNMENT PARTIES REACH COMPROMISE AGREEMENT ON STATFJORD

Oslo AFTENPOSTEN in Norwegian 16 Nov 84 p 4

[Article by Morten Malmo]

[Text] Statoil will be permitted to take over the responsibility as operator in the Statfjord Field from Mobil between 1 January 1987 and 1 January 1989. Agreement was reached on this matter within the government after 2 days of tough bargaining. The Statfjord issue did not result in a crisis, since all three parties demonstrated a willingness to compromise. Nevertheless, it is clear that the Center Party politicians are most satisfied with the solution, while the Conservative Party feels it went far out of its way to reach a compromise that could be supported by all three parties.

After 2 days of negotiations with cabinet meetings, meetings of the parliamentary groups of the coalition parties, and other consultations, the result is that Statoil may take over Statfjord at the earliest possible time between 1 January 1987 and 1 January 1989. The final time for the transfer will be determined by the government after negotiations between Mobil and Statoil. The final decision will be based on considerations of safety and steady oil production in Statfjord.

DAGSREVVYEN reported yesterday that Mobil of Norway and Statoil had agreed earlier this week that Statoil could become the operator on 1 January 1987. DAGSREVVYEN added that Mobil headquarters in New York had rejected this plan. At a press conference yesterday, both Oil and Energy Minister Kare Kristiansen and Municipal Affairs Minister Arne Rettedal stated that the two companies had presented no such plan to them this week.

On the contrary, Municipal Affairs Minister Arne Rettedal said that, during meetings with him and Kristiansen, the two companies had disagreed over when the change in operator could occur.

At the press conference yesterday, Rettedal, Kristiansen, and Agriculture Minister Finn T. Isaksen made no secret of the fact that the Statfjord issue had been extremely difficult for the government, but all three pointed out that the three coalition parties backed the solution totally. Finance Minister Rolf Presthus said that the Statfjord issue confirmed the ability of the three-party coalition to reach joint agreements, even on difficult issues.

Municipal Affairs Minister Arne Rettedal stressed that the greatest possible safety precautions must be observed during the transition phase and that safety considerations would determine the time of the Statoil takeover. The Oil Directorate will be the government's most important adviser on this question.

In the effort to create unity, the Conservative Party had to be most flexible. The Conservative Party wanted to avoid a crisis barely 10 months before parliamentary elections, with the complications that would ensue. The Christian People's Party, like the Conservatives, was looking for practical solutions. For the Center Party, however, the Statfjord issue had become a matter of prestige, so that the Center Party pushed hardest during the negotiations. The parliamentary leader of the Center Party, Johan Buttedahl, told AFTENPOSTEN yesterday evening: "We are satisfied. The results are a clear reflection of the Center Party view and the Center Party will now become more active both in parliament and in the government."

The top spokesman of the Center Party on industrial policy, Reidar Due, has demanded repeatedly that Statoil take over Statfjord in 1987. "I am quite pleased. Remember that the original time for the transition was 1995. Then it was 1990, then 1989, and finally 1987," said Due, who said that the possibility that the transition would not occur before 1 January 1989 was a hypothetical question.

On Wednesday evening, the Statfjord question was deadlocked. When representatives of the press asked Due in parliament if he believed on Wednesday evening that the government would eventually reach the agreement that was finally approved, he answered: "No, but in this game you must have ice water in your veins!"

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## PARLIAMENT, MINISTER DEBATE IRANIAN OIL PURCHASES

Stockholm DAGENS NYHETER in Swedish 7 Nov 84 p 18

[Article by Bjorn Anders Olson]

[Text] "If we do not agree on a price, we will not buy any oil. Then someone else may buy it."

This was stated by Lars Hjort, executive vice-president of Svenska Petroleum (SP) who, at the request of the government, is negotiating a major oil purchase from Iran.

In a parliamentary debate on Monday, Energy Minister Birgitta Dahl said she assumed that the purchase of oil from Iran would take place on a business-like basis.

"That is how we have interpreted our task all along," Lars Hjort said. "We will make a deal on a strictly commercial basis. That is why we have not purchased any oil yet. The negotiations continue," said Lars Hjort, who declined to discuss the status of the negotiations in detail.

Formally, the government has given the task of purchasing Iranian oil to the National Board of Economic Defense (OEF). But OEF director Gunnar Nordbeck has claimed all along that the oil purchase is unnecessary. He says the oil is not needed because Swedish emergency stockpiles must be reduced, according to an act of parliament.

"But if the government has decided that we must buy oil, then we must do it," Gunnar Nordbeck said on Tuesday.

"And obviously we will do it in a fashion that is as business-like as possible, so that SP must continue to negotiate."

## Compensation

Birgitta Dahl was out of town on Tuesday and could not explain why it was so necessary for Sweden to purchase oil from Iran. The reasons given so far seem to indicate that it is purely a matter of compensation: Iran will continue to import from Sweden and Sweden will purchase oil from Iran. Today, there is a

large imbalance in trade between the two countries.

Through August of this year, Swedish imports from Iran have virtually ceased. The value of these imports dropped from 1.083 billion kronor last year to 16 million kronor this year.

#### Increased Exports

At the same time, Swedish exports to Iran have continued to increase, even though the rate of increase declined somewhat during the year. Through August of this year, exports to Iran had increased by 41 percent, from 1.967 billion kronor to 2.766 billion kronor.

Thus, Sweden has an extremely large surplus in its trade with Iran and a possible oil purchase may be seen as a Swedish attempt to reduce this imbalance. In other cases, such as in trade with the Soviet Union, Sweden often criticizes its own deficit.

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## RENEWABLE ENERGY SOURCES GAINING INTEREST

Stockholm DAGENS NYHETER in Swedish 7 Nov 84 p 2

[Editorial: "Wind Changes Against Nuclear Power"]

[Text] Wind power from enormous windmills that are series produced will cost 30 to 35 ore per kilowatt-hour. This estimate was made by the State Power Board and Sydkraft on the basis of experience from Nasudden on Gotland and Maglarp on the southern coast. The latter holds the world's record for wind power production.

The board and Sydkraft sounded positively surprised. The figures are positive; to be sure, but hardly surprising. Wind power probably can become even less expensive, as indicated by experience abroad. Sweden, which is located in the western wind belt, is in an extremely favorable position, especially since winds occur mostly during the winter, when electricity is most needed.

This 30 to 35 ore per kilowatt-hour is no more expensive than electricity from new coal-fired plants would cost if such plants were used to replace the electricity now produced by nuclear plants as the nuclear reactors are phased out. Obviously, we should invest in the clean and eternal wind rather than dirty, imported coal. In addition, coal will become more and more expensive, while the wind is always free.

The Swedish power system can absorb at least 10 TWh (billions of kilowatt-hours) of wind power per year without further expansion of hydroelectric production that is required for adjusting to consumption patterns. It is not often stated, but in recent decades hydroelectric capacity has increased dramatically (about 3,700 MW) at a cost of 10 to 15 billion kronor, simply to counterbalance nuclear power which, from an economic and safety standpoint, cannot be adjusted up or down on the basis of rapidly growing demand. Actual energy production from hydroelectric plants has not increased during the same period, however, and remains at 62 to 65 TWh.

This expensive increased capacity of hydroelectric plants in order to serve nuclear power must be considered an added expense of nuclear power, but such calculations are never seen. When wind power was first discussed during the seventies, however, there was constant moaning over how expensive it would be,

since the hydroelectric capacity would have to be expanded for the sake of wind power. Then and now, a double standard has been used to serve the propaganda in favor of nuclear power.

Wind power for 30 to 35 ore per kilowatt-hour compares favorably to the cost of electricity from the new gigantic reactors Forsmar 3 and Oskarshamn 3, which will be connected to the power grid in 1985 or 1986.

If we in Sweden had a functioning market economy in the energy sector such as in the United States, instead of a state-run nuclear power complex, both these reactors probably would have been abandoned in half-finished condition several years ago. This is precisely what happened to several American reactors in which many billions had already been invested. It was found that a poor initial investment could not be saved by investing additional funds.

In Sweden, however, the power companies have had the direct or indirect backing of both the state and a strong industry and prestige has outweighed economic considerations. Only because of the enormous profits from old hydroelectric plants (at 1 to 2 ore per kilowatt-hour) and old nuclear plants (financed through inflation with negative interest rates via extremely favorable loans from the National Pension Insurance Fund) will it be possible to keep throwing money into the bottomless pits at Forsmark 3 and Oskarshamn 3.

If all else fails, the operation can be called an economic success by resorting to the old economic trick of listing all investments that have already been made--regardless of how foolish they were and how many warned against them--as "sunk costs," i.e. capital that is already irretrievably tied down, and excluding such funds from the cost picture. Instead, only operating costs are considered to be of interest.

Imagine if, with the same convenient logic and regardless of the costs, we built several thousand wind power plants at stations in windy locations along the coast and even at sea-based stations off shore, which provide an even steadier electricity production with even fewer disruptions, and said: Well, these are all sunk costs. Now only operating costs count and the wind is free. This is an extraordinary deal for Sweden and its energy consumers!

And it probably would be--unlike the new power plants.

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## GOVERNMENT REPORTS GREATLY REDUCED SULFUR-DIOXIDE EMISSIONS

Stockholm DAGENS NYHETER in Swedish 6 Nov 84 p 16

[Article: "Sharp Reduction in Sulfur Emissions"]

[Text] Sulfur dioxide emissions have been reduced by two thirds since 1970 and amounted to 302,000 tons last year. Nitrogen dioxide emissions were 290,000 tons. This was indicated by a report produced for the government by the Environmental Protection Board.

Coal combustion was responsible for 14,000 tons of sulfur dioxide and 9,000 tons of nitrogen dioxide.

But sulfur and nitrogen oxides were not the only sources of damage, according to the board's report on acid-producing substances.

Hydrochloric acid gas, just over 5,000 tons annually, contributes to acidification. Most of the hydrochloric acid gas comes from the combustion of waste.

Of the sulfur dioxide emissions, 187,000 tons comes from oil combustion, 98,000 tons from industrial processes, and 14,000 tons from coal combustion. In 1970 coal combustion was responsible for 9,000 tons. The combustion of other solid fuels was responsible for 3,000 tons of sulfur dioxide last year.

In 1970 a total of 302,000 tons of nitrogen dioxide was released in this country. Thus, there has been a certain reduction, but not at all on the same scale as sulfur reductions, according to the board. To be sure, nitrogen dioxide emissions from oil and gas combustion have been reduced, but emissions from road traffic and other vehicles have increased.

#### Automobiles

In 1970 road traffic released 132,000 tons of nitrogen dioxide. The figure last year was 160,000 tons. The figure for other vehicles, airplanes, etc. has also increased--from 30,000 tons to 42,000 tons. Most of the nitrogen dioxide emissions from road traffic, just over 60 percent, comes from gasoline-driven private automobiles.

The reduction in sulfur dioxide emissions from the late 1970's has resulted

primarily from the reduction of sulfur in fuel oil. Industry has also reduced its emissions sharply.

Since 1978 measures other than those directly related to environmental protection have been of great importance for reducing sulfur.

This is especially true of energy conservation. Changing energy systems--i.e. conversion from oil to electricity and solid fuels and the utilization of waste heat in district heating networks--has improved the situation.

The reduction in nitrogen oxides from the energy sector in recent years is a result of reduced fuel consumption. Various combustion technologies have reduced emissions from coal powder-fired facilities. Process emissions of nitrogen oxides in industry have also been reduced.

With regard to nitrogen oxide emissions from gasoline-driven automobiles, the board found that these have remained at approximately the same level in recent years. The pollution will hardly be reduced in the near future unless catalytic converters are used.

It is too early to evaluate the effect of the new exhaust purification regulations that will become obligatory in 1985.

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## GOVERNMENT AGENCY PROPOSES RULES FOR ENDING LEADED GAS USE

Stockholm DAGENS NYHETER in Swedish 6 Nov 84 p 16

[Article: "Unleaded Gas Cheaper"]

[Text] The import of regular leaded gasoline will cease on 1 July 1985. After that, the oil companies will have 2 years to replace leaded gasoline so that, by the end of the second quarter of 1987, there will be a nationwide network of stations selling unleaded gasoline of at least 93 octane. At the same time, the tax on unleaded gasoline will be reduced by 20 ore.

This was indicated by new regulations for unleaded gasoline proposed by the Environmental Protection Board. The board was commissioned by the government to develop the plan. This report was part of the already advanced plans to introduce unleaded gas and catalytic converters for automobiles.

Several weeks ago the so-called group of 10 decided that by 1986 unleaded gasoline would be available at gasoline stations in 10 European countries.

In this connection, West Germany has decided to introduce unleaded gasoline by 1 July 1985 and obligatory catalytic converters in automobiles by 1989.

Now the Environmental Protection Board has recommended establishing a nationwide network of stations selling unleaded gasoline by 1 July 1987.

#### Reduced Tax

According to the board, the octane rating of quality of the gas may be determined by the market. Unleaded quality with an octane rating of at least 93 must be available at all times, however.

Automobile owners will be encouraged to use unleaded gasoline by the introduction of a 20-ore reduction in tax, compared to leaded gasoline.

The lower tax is intended to prevent automobile owners from using leaded gasoline in automobiles with catalytic conversion. Use of the wrong gasoline destroys the purifying effect of the catalytic converter.

The Environmental Protection Board also recommends that the emergency war supply



of leaded gasoline be sold on the market. The idea is that leaded gasoline would be used only in case of emergency after the year 2000.

#### Time Limit

Of course, at that time there will still be a number of automobiles that need leaded gasoline, but the board believes that lead is so damaging to health and to the environment that a time limit for prohibiting lead additives is justified.

Exemptions will be granted for automobiles that still require leaded gasoline in the year 2000. In order to accelerate the transition to unleaded gasoline, the board wants to introduce a regulation requiring that all new automobiles be capable of operating on unleaded fuel.

The Environmental Protection Board stressed that the proposed dates were dependent on when the government decides to introduce unleaded gasoline.

#### Exhaust

According to the Environmental Protection Board, if a decision is not reached this year, then the time limit must be postponed. On the other hand, the tax reduction may be introduced immediately.

The Environmental Protection Board stressed that the introduction of unleaded gasoline was closely related to the use of catalytic exhaust purification, as implemented in the United States.

"The desired environmental effect can be achieved only after both these steps have been taken," the board said in its report to the government.

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